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VMRO-DPMNE Official Warns of Serbian Danger

93BA0362A Sofia 168 CHASA in Bulgarian
17 Nov 92 p 21

[Interview of VMRO-DPMNE general secretary Boris Zmejkovski by Vanya Shekeroval; place and date not given: "Serbia Has an Itchy Finger on the Trigger"]

[Text] *Boris Zmejkovski, general secretary of the VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity], believes that president Slobodan Milosevic would emerge from a Balkan war as a Serbian national hero.*

[Shekeroval] What is the VMRO's position on the events at the Skopje Bit Pazar?

[Zmejkovski] I believe that this was the anticipated act of provocation about which our party has long been warning. It was normal to expect something such as this in Macedonia. The Albanians were directly involved, but the Serbian policy toward Macedonia was behind it. Milosevic does not have the courage to intervene in Macedonia directly, but he does have an interest in provoking a Balkan war, from which he would emerge as a national hero of Serbia. The Albanian minority is doing his dirty work for him.

[Shekeroval] How large is this minority?

[Zmejkovski] The reason for the Albanians' failure to participate in the census and referendum was concealment of their precise number. The number of Albanians is small now that the citizenship law has gone into effect. In any event, fictitious numbers are cited, 40 or 30 percent of the population. In my opinion, Albanians make up no more than 18 percent.

[Shekeroval] Serbia implies that arms from Bulgaria are being used in the conflict.

[Zmejkovski] I am unable to give you a clear-cut answer to this question, because I have no firsthand information. It is true that the Albanian minority is heavily armed and is continuously being supplied with weapons, but I can express no opinion about the origin of the weapons.

[Shekeroval] What is your reaction to the Greek policy toward Macedonia? It is a fact that some Greek newspapers have published scenarios of quick war and partitioning of Macedonia.

[Zmejkovski] No one can turn Macedonia aside from its path toward independence and sovereignty. If destabilization should come about in our country, it would not be good for Greece either. We all know that Macedonia is exposed to the danger of the risky position taken by Greece as well as the threat from Islam. I am firmly convinced, however, that relations between Macedonia and Greece will be settled in the near future. The Greek Government is frightened not so much by the name of our country as by the awakening of the self-awareness of Macedonians in Greek territory. I do think, though, that time itself will compel the Greek Government to recognize realities.

[Shekeroval] What is your assessment of Bulgarian policy toward Macedonia? There is the opinion among people here that we have recognized you as a country but not as a people.

[Zmejkovski] I would like to take this opportunity to thank the Bulgarian political structure, and especially president Zhelyu Zhelev, for the fact that recognition of the Republic of Macedonia marked the beginning of the process of recognition by other countries as well. At this most difficult time you have shown that you are friends of the country of Macedonia. As for the common perception that Bulgaria has recognized the country but is not recognizing the people, I should like to note that there is no instance of a country having been recognized as a territory with borders and sovereignty without the people having been recognized as such. Statements such as these that you have alluded to are part of the game that politicians play.

[Shekeroval] Do you think that the government of Macedonia is pro-Serbian?

[Zmejkovski] If we go back 50 years we see that not just communists, but communists with a pro-Serbian orientation, were in power in Macedonia. We term them Serb communists. Macedonia was governed directly from Belgrade, in accordance with the interests not of the Macedonians but of Serbia. It has now become clear that the Macedonian spirit, the self-awareness of the people, is alive. It turned out after the democratic elections that most power was concentrated in the hands of the old communist party in a coalition with the Albanian party (the PDP [Party for Democratic Prosperity]). It is normal for there to be people sitting in the parliament who are tied by their navel cords to Belgrade. It is also normal for there to be sitting next to them supporters of the cause of national self-determination. But even enthusiastic advocates of Yugoslavia have stopped insisting on a new Yugoslavia with Macedonia within its borders.

MDF's Balas on Miskolc Reprivatization 'Scandal'

93CH0208A Budapest 168 ORA in Hungarian
8 Dec 92 pp 4-5

[Interview with Istvan Balas, National Assembly representative of the Hungarian Democratic Forum, by Gyorgy Kakuk; place and date not given: "Balas (MDF) Calling Szabo (MDF); Hotel for Peanuts; Letters Do Not Reach the Minister"]

[Text] *Privatization goes on, although everyone is dissatisfied with its pace, and one hears more and more often that what is actually happening is not the transfer of state property into private hands, but the squandering of it. The most recent scandal broke in Miskolc about the privatization of the local catering company. This induced Istvan Balas, MDF representative, to interpellate the minister. Gyorgy Kakuk interviewed him.*

[Kakuk] You are preparing a fairly interesting interpellation. What prompted you to do so?

[Balas] One and a half months ago, during my office hours at the beginning of October, I received a citizen's report that during the privatization of the Miskolc catering company, property was sold to a foreign national at a price presumably much below the actual value. I investigated the matter, and even requested an expert estimate by a real estate broker of one concrete property. On the basis of this estimate it was possible to determine—at least within the possibilities of a member of parliament—that the report was not unfounded. Among other things, this Italian citizen acquired the 44-bed Hotel Lido in the center of Miskolctapolca, this important nationally known resort, for 4 million forints [Ft]. According to the expert opinion by the real estate broker, the actual value of the hotel can be estimated at Ft41.8 million.

[Kakuk] Did you request these expert opinions and estimates?

[Balas] We are talking about 16 pieces of property. Of course the job of a representative is not to request an expert opinion of every one of them. I selected one of them, and requested an expert opinion, but to my knowledge, a similar discrepancy can be found in the case of the rest of the property, as well. Let me give you more examples: The Park Motel, also in Miskolctapolca, which was built for Ft73 million a good 10 years ago, became the property of the Italian citizen for Ft15 million, although the 10 hectares of land around the motel alone are worth more than that. It is prescribed by law that every person who holds an office, including members of parliament, is obliged to report a crime when he becomes aware of it. Thus, when I received a report from a citizen, and concretely checked an element of it, I took the steps the law obliges me to take. Thus, I made a report to the Borsod county public prosecutor's office; I wrote to the director general and the president of

the board of directors of the State Property Agency, and to Minister Tamas Szabo. All this happened in the second half of October.

No Reply

[Kakuk] Were these letters answered?

[Balas] No reply was sent from the Borsod county public prosecutor's office, but this is natural, because I will probably only be informed after a certain phase of the prosecutors' work is completed. I received a few lines from the managing director of the State Property Agency informing me that they launched an inquiry. However, there was no reaction from the minister. I called him on the telephone, and he said that he did not receive the 10 pages of material and the attachments. Subsequently I sent him the material again, registered, and called him again, but again he said that he did not receive it. After that, I resorted to an old legal trick, and sent the material to the minister registered every day for eight days—the receipt was acknowledged in some cases—but the minister still did not say that he received my letter. Subsequently, according to the requirements of political decorum, I attempted to elicit an answer from the minister within the MDF faction through an internal interpellation.

The Deadline Expires

[Kakuk] Was the minister present at the meeting of the faction?

[Balas] Because of a justified absence on account of a different engagement he was unable to attend. For this reason, the faction set a time a week later, but it did not take place.

[Kakuk] His presence?

[Balas] The entire problem of privatization, and within it the examination of this internal interpellation. In the meantime, the deadlines were beginning to press, because the entire transfer under the value occurred on 15 December 1991, and the one-year deadline to challenge it in court will expire in the middle of December 1992. Thus, I had no other option; I sent my interpellation to the National Assembly, and requested an answer from the minister, among other things to the questions of what steps the minister took to ensure that the right of ownership of property transferred much below its value should revert to the Hungarian state, and what steps he took to discipline the participants guilty in the matter.

It Will Survive the Government...

[Kakuk] How did the MDF faction take the interpellation, or rather, since it has not been read yet, the plan for the interpellation?

[Balas] Three weeks ago I published the entire text of the interpellation in the internal publication called FRAC-CIOHIREK. The result was that when the Monopoly Group submitted a renewed proposal to the National

Assembly to create a privatization committee in parliament, several people beyond the members of the group endorsed this proposal.

[Kakuk] Why do you think the minister did not reply to your letters?

[Balas] I am reluctant to engage in conjectures, because the minister has innumerable tasks; one of the most important of these is, of course, the supervision of the work of the State Property Agency in the area of privatization. The detailed exposure of a matter which occurred almost a year ago also takes time; however, the deadline is pressing. The impact of privatization goes beyond the term of a minister's office, a government's office, and even a parliamentary cycle. For this reason, our successors can rightfully call us to account for what we did in order to develop concrete regulations, concrete strategies, and whether we adequately supervised this process which transforms the entire society. We think this responsibility cannot be confined to the level of the Monopoly Group; it is the responsibility of every member of parliament. I am not resentful that the minister has not answered up to now; in parliament he will undoubtedly reply. I would like to hope that he will not ask for 30 days to reply.

[Kakuk] Can this privatization matter still be reversed?

[Balas] Until 14 December there is a chance, but it expires on 15 December.

Financial Officials Discuss 1993 Budget

93CH0195A Budapest FIGYELO in Hungarian
19 Nov 92 pp 14-15

[Interview with Pal Becker, National Assembly Budget Committee vice chairman and Hungarian Democratic Forum representative; Karoly Attila Soos, Budget Committee chairman and Alliance of Free Democrats representative; Gyorgy Naszvadi, Finance Ministry deputy state secretary; and Andras Vertes, Economic Research Corporation chief, by Gabor Karsai; place and date not given: "Budget '93: Who Takes Responsibility for the Crises?"]

[Text] All participants at the roundtable discussion believe that parliament is going to adopt the proposed budget, albeit with changes in the dual rate general sales tax [AFA].

Our guests: Pal Becker, National Assembly Budget Committee vice chairman and Hungarian Democratic Forum representative; Karoly Attila Soos, Budget Committee chairman and Alliance of Free Democrats representative; Gyorgy Naszvadi, Finance Ministry deputy state secretary; and Andras Vertes, Economic Research Corporation chief.

[Karsai] Are the revenues called for in next year's budget based on more realistic economic growth projections than this year?

[Vertes] The 0-3 percent GDP growth projected for next year is more realistic than what the government estimated for this year; nevertheless, I still regard these as too optimistic. A more or less zero growth rate—this could be plus or minus 1 percent—is realistic, but a 3-percent growth rate is unrealistic.

The difference between a zero and a 3-percent growth rate represents about 90 billion forints in terms of the GDP, and with that the difference in budgeted revenues amounts to about 50 billion forints. This is no small amount. Forecasts in stable market economies express margins of errors in terms of tenths of percentile points, and this is indeed impossible at present in Hungary.

[Soos] I, too, think that we can expect about zero growth. The fact that certain unfavorable phenomena gained strength in recent months raises concern. Price increases once again visibly accelerated in September. This probably has to do with expectations related to the introduction of the dual rate AFA, for example, with fears of the temporary prohibition of producer price increases, with supply side reactions to advanced purchases.

But even if the growth hoped for by the government comes true, I have doubts about the government's ability to collect the estimated amount of tax revenues. The revenues expected from AFA and from payments by banks seem to be exaggerated.

[Becker] I, too, regard as exaggerated the 25 billion forints in revenues expected from financial institutions next year, if we consider the fact that in September the banks had minus 2 billion forints because of recapturing last year's advance profits. I am told that banks intend to continue to use their profits to replenish their reserve funds.

Other than that, I, too, figure a growth rate of about zero percent next year, but by no means a negative growth! But with a little bit of luck—e.g. if eastern exports gain strength—a 2-3 percent growth is not impossible either.

[Naszvadi] Budget revenues depend not only on the GDP, but also on the tax base and on taxpayers' discipline. This year, too, budget revenues fell far more behind the predicted level than the GDP.

[Karsai] How do the tax and expenditure structures in the budget influence the growth potential?

[Vertes] Unfavorably, but they are not worse than before. It is obvious that budget policies cannot be "friendly to enterprising" under the given circumstances. The large budget deficit dominates the money market and drives interest rates upwards, or does not permit interest rates to decline. The antiinvestment effect definitely prevails up front: It wouldn't make sense for anyone to develop an investment project based on present interest rates.

[Soos] And in retrospect the government could praise its budget for using up the savings because there was no demand for it.

[Naszvadi] I don't believe we have given serious consideration to what effects, say, a 100-billion deficit reduction would have on the economy. I am convinced that the anti-investment effect of the budget deficit on the money market is not as strong as many believe it to be. In other words, a drastic change in the role of the budget as a borrower and as an instrument that generates demand would only deepen the recession.

[Soos] I believe that if we manage to save those 100 billion forints, we ought to consider whether there truly exists a real inclination to invest in the economy. If there is none, as the government claims, we could spend that money on infrastructural investments. Although this would also increase the deficit, its effect would be far more beneficial than financing current expenditures.

[Vertes] Revenues or the deficit, and with that, the burden on commercial banks could be reduced by reducing expenditures. The difference between interest paid and interest charged by banks—about 10 percent—is so great because the reserve ratio is too high, and because central bank interest paid after reserves is too low as of now, and zero beginning on 1 January. Entrepreneurial inclinations could be encouraged somewhat by more favorable credit conditions that could include the abolition of taxes on interest.

[Becker] I do not like to hear statements to the effect that our economic policy is not friendly to enterprise. The profit tax base is tightening up, and so is the degree by which profits are centralized.

[Vertes] But we should look not only at the profits centralized within the budget, but also at the ratio by which the GDP is centralized!

[Becker] This ratio should also decline in 1993, according to plans.

[Soos] Yes, according to plans, but the same was also planned for 1992 and nothing came of it.

[Naszvadi] Let's be careful with these figures. In determining the extent of centralization we must compare the volume of taxes that appears in the flow of budgeted funds with the GDP. But carryovers from one year to the next could totally distort the picture. For example, we closed the 1991 budget with a 114-billion forint deficit, but that amount also included 50 billion forints in overpayments. Accordingly, the 1991 deficit could also be viewed as amounting to 164 billion forints, while this year's deficit could be regarded as 50 billion forints less than it is. After appropriate adjustments we find that the degree of centralization has barely increased in 1992.

[Karsai] Do you approve of introducing the dual rate AFA?

[Vertes] The Economic Research Corporation has recommended the introduction of a dual rate AFA for years, moreover, with the 8- and 25-percent rates as recommended by the government last May. We, too, are aware, of course, that it would be preferable to reduce the

25-percent rate, but there is no chance for that because of the amount of tax revenues needed. At the same time, however, certain groups of people—pensioners, families with children—should be compensated. This, however, cannot be viewed as a separate issue, isolated from other economic processes, and the real question is to what extent all the compensatory measures and the increased volume of income could offset the joint effects of the dual rate AFA, and of inflation that exists anyway.

[Naszvadi] Everyone talks about compensating certain groups of people. The truth is, however, that by spending part of the tax revenues on compensatory measures, the tax revenues that have thus failed to materialize must be made up from additional taxes, and this could trigger a chain reaction. In addition, all this talk involves pensioners and children with families, forgetting about people who work. In looking back five or 10 years we find that the ratio of gross wages and salaries has continually and significantly declined in favor of benefits provided to society. Accordingly, the financial situation of those who produce income has deteriorated. A compensatory measure that could be applied here and now is the maintenance of a zero sales tax on a very small group of products, such as milk and bread. The revenues that would thus fail to materialize would reduce the amount that could be spent on compensatory measures, while it would benefit not only the needy.

[Becker] The MDF's committee of six has developed a proposal to compensate for the negative effects of the dual rate AFA on certain strata. Based on this, AFA payments would be reimbursed relative to housing construction expenditures, but only up to a certain amount, because the construction of villas should not be subsidized. We would use part of the money earmarked to compensate for this purpose to increase local government assistance funds, to provide an additional 200-forint pension increase, and to increase the exempt tax base after children by 400 forints per month, to 1,700 forints per month. Doing so would increase the budgeted expenditures by a total of 17 billion forints, and we would like to offset the entire amount by cutting back on other proposed expenditures.

[Vertes] I regard the exempt tax base after children as an expressly antisocial solution, because it benefits people in high income brackets, while those whose income is below the taxable threshold would receive nothing.

[Soos] The dual rate AFA is just as much part of our program as it is of the MDF program, accordingly, we approve of it in principle. But we could support the introduction of the dual rate AFA only if it were not to be used to plug holes in the budget, but would be accompanied by cutbacks in expenditures. Besides, we also regard the extent of compensation as too low, even though we understand that in the present situation this must be based on need.

[Naszvadi] Quite naturally, I agree that expenditures could be cut greatly, but what you just proposed, Mr. Representative, amounts to increasing expenditures.

[Soos] Savings could be accomplished in every field. Particularly at the armed bodies, but even in health care and in education. Or, within state administration, for that matter. Many functions of the Ministry of Industry and Commerce have been transferred to other organizations—the Bureau of Competition, the AVU [State Property Agency] and the AVRt [State Property Management Corporation]—and yet, no staff reductions were made.

[Becker] These sound more like slogans, not like specific recommendations.

[Vertes] No well-founded proposals can be made from the outside, without a government staff. A rather broadly based, specialized knowledge is required for making specific proposals.

[Soos] Specific proposals are accompanied by conflicts, of course, and these should be faced by the government and the coalition parties, and not by the opposition. I may not be sufficiently specific either, but what should I have said when Minister Surjan submitted a draft resolution to parliament to increase the retirement age of women, nevertheless “forgot” to mention this “little thing” in his statement.

[Becker] As compared to the earlier base year approach, we were able to develop cost centers in this year's budget for the special handling of higher education, social policies, national defense, and internal security. The direction taken by the budget can be seen from the recommended 22-percent increase in social welfare payments, moreover, this increase is decisively based on “need,” a 10-percent increase for local government support, and a 1.2-percent increase for administration.

[Soos] These cost centers, as, for instance, national defense, are debatable, and have not been thought through insofar their internal structure is concerned.

[Naszvadi] Developing a professionally well-founded budget proposal is not the main problem, that is the job the professional staff capable of doing so. The potential difficulty is to have 10 million Hungarian citizens accept a well-founded budget, and to face the related conflicts. This is why transforming the budget progresses so slowly.

State household reform would resolve two problems. On the one hand, the expenditure side of the budget involves the employment of about 1 million people, ranging from doctors through teachers all the way to state administrative employees. On the other hand, various benefits, ranging from pensions to GYES [child care benefits] also affect millions of people. It is hard to make decisions regarding matters of this caliber.

Based on their own considerations, the ministries do not support reforms. Based on its considerations, the Finance Ministry supports reform, but its views on implementing reform do not carry sufficient weight

within the government. The government decided six months ago to establish a committee dealing with state household reform, but the numerous counterinterests have prevented the committee from functioning.

[Karsai] Predictions, please. Is the country going to have a budget by year's end, one that includes dual rate AFA?

[Soos] The opposition parties are obviously not going to vote for it. Ruling party representatives also have many reservations, but I believe that in the end they will vote for the bill.

[Becker] The opposition would be foolish to vote for such an unpopular budget. We, on the other hand, must incorporate as many improvements as possible, but in the end we must vote for it.

[Vertes] I believe that everyone around this table agrees that there is no budget without a dual rate AFA. I am certain that parliament is going to adopt it in the end, but I really do not understand why the dual rate AFA is so terribly unpopular. Far greater burden has been placed on the people during the past years, and the method itself has an expressly beneficial long-term effect, because, in terms of absolute amounts, it places a larger burden on people with a higher income who therefore consume more, and it further increases the cost of tourist exports.

[Becker] The press has inflated this matter, too.

[Vertes] The coalition parties, or some of the coalition parties were the ones who attacked the dual rate AFA, and the great reaction of the press also has something to do with that.

[Becker] The attack on the proposal was of a kind that we were forced to defend ourselves.

[Naszvadi] As we just learned, the opposition is not going to vote to approve these legislative proposals, and this is understandable. I am confident that in the end, parliament is going to adopt the budget as a whole, including the dual rate AFA, but only after rearranging 10-20 billion forints. This is how things always go with proposed budgets.

Official Explains ‘Bank Nationalization’

*93CH0195B Budapest FIGYELO in Hungarian
19 Nov 92 p 34*

[Article by cz: “Bank Nationalization: Indemnified Banks—How the Banking Supervision Views Nationalization”]

[Text] We learned the following details from division chief Dr. Miklos Matrai concerning this highly controversial concept.

If one or more banks get into trouble, and the government is unable to permit itself the luxury of tolerating the accompanying financial confusion because the ripple effects would be too costly, the only things in regard to

which the government has a choice are the method it uses to provide the capital needed for the rescue, and the financial technique to be used. There are many possibilities in this regard, such as credit consolidation, the purging of portfolios, and/or the establishment of special institutions in which the adversely rated outplacements could be regrouped.

Some countries, in which for some reason the need to rearrange portfolios appeared simultaneously with respect to the entire banking system or, at least, in regard to several banks, chose the "good bank, bad bank" method. Bad portfolios taken off the books of banks were regrouped in the framework of an institution established for this purpose—the "bad bank"—thus enabling the banks with a purged financial statement to move ahead. In this case, the burden related to settlement appears in the form of an expense to finance the "bad bank," one that in reality is an institution that functions like a bank, but which need not observe the stringent rules banks have to observe!

Another solution could be capitalization to cover credit losses. This could be accomplished by issuing state bonds, as a result of which credit consolidation—the settlement of the adverse credit portfolio—could be spread over the life of the bonds.

In certain instances (such as in cases when significant amounts of basic capital are lost), recapitalizing a bank, or increasing the bank's basic capital by using state funds, presents itself as the passable way. Such capitalization could be accompanied by the state becoming an owner of the bank, and this presents itself as a particularly good solution in instances when not the banking system as a whole, but only certain banks have problems requiring interference by the state.

We could find examples in any part of the world to prove that a temporary increase in the state's ownership share in banks is not a rare phenomenon; once the portfolio is in order, this is followed by the state's search for a good buyer, an appropriate owner at the opportune time, and the return of the state's ownership share to private hands, i.e., the privatization of the state's ownership share. As compared to other processes, the advantage implicit in this method is that the state has an easier way to establish business policies, it can mold banking policies easier. The study prepared by the Banking Supervision made reference to this possibility, indicating that this solution could be considered in principle in the case of certain banks, and that it would not be a contradiction for the state to privatize certain banks whose operations have a definite impact on the economy by reducing its ownership share, while in smaller banks it would increase its ownership share in order to resolve problems that arise. Increased state ownership resulting on this basis is, in general, not viewed as action inconsistent with the market anywhere in the world, instead, it is viewed as a measure that enhances and protects the functioning of market mechanisms.

Whether this presents itself as a real alternative also depends on the availability and type of state resources, whether legal provisions and other rules related to such resources provide for such use of the funds, and whether there is an institution or state-owned firm with an appropriate profile that could invest in an individual bank, or could buy such bank.

Accordingly, insofar as further developing the banking system and privatization are concerned, the Banking Supervision professes the same principles as other governmental organs that exercise authority in this regard. It regards the temporary increase of state ownership in certain banks as one possible means by which to manage the above-mentioned special situations.

Consequences of Czech-Slovak Split for Poland

93EP0099A Warsaw RZECZPOSPOLITA
in Polish 26 Nov 92 p 7

[Article by Ryszard Malik: "Different Priorities, Numerous Doubts"]

[Text] "Do you know what state Poland will have the longest border with, beginning next year?" asked Grzegorz Dziemidowicz, a MSZ [Ministry of Foreign Affairs] press spokesman, during a press conference with Jacek Baluch, the Polish ambassador to Czechoslovakia. It turned out that except for the Polish envoy to Prague, no one knew that Poland will have a 700-km-long border with Slovakia.

Beginning 1 January 1993, Poland will have two neighbors south of the border. The Czech Republic and Slovakia will supersede the Czechoslovak Federation. What consequences will that have for Poland? The Polish ambassador to Czechoslovakia attempted to answer this and other questions during his meeting with journalists.

According to the ambassador, once the decision to divide the Federation was made, the international affairs and foreign policy ceased to be a major concern in Czechoslovakia. "I could easily make a decision to renew our rundown embassy," said the ambassador. "The Czechs and the Slovaks focused their attention on their internal affairs." As a result of that, however, Czechoslovakia's position in the world and her prestige has suffered. The Czechs, who will have four neighbors—Poland, Slovakia, Germany, and Austria—as of 1 January 1993, have long ago chosen Bonn and Vienna as their economic and trade partners. As far as Prague's relations with Warsaw are concerned, they have generally improved, although there still are some obstacles to overcome. A point of contention is the issue of private travel between the two countries. Despite the Czech statements that the old, communist treaties regulating that issue should be changed, nothing is happening in this realm. "And when we show them our draft of the new accord, we hear: You still have to wait a while," said the ambassador.

In the opinion of the Polish envoy, the issue of the "Visegrad Triangle" is not treated nonchalantly by Prague, but it is also the fact that Prime Minister Vaclav Klaus has spoken about this organization with little appreciation more than once. The Czechs demand that the "Triangle" be deideologized. The Poles do not exactly know what their neighbors mean by this.

Contrary to popular beliefs, Slovakia is well prepared for an independent existence. It already has a constitution and an efficient government. The Slovaks have had considerable autonomy since 1968. Two years ago it was expanded even more. Slovakia wants to cooperate with Poland. The Slovaks think about taking advantage of Slovakia's convenient geographic location and expanding the highway and railroad connections

between the two countries (and even further north and south of the border). Prime Minister Vladimir Meciar often complains that he has to travel to Poland through Moravia....

"To tell the truth, the Poles know very little about Slovakia," said the ambassador. "If the members of the Slovak GOPR [Volunteer Mountain Rescue Service], who had been in the Himalayas and other places, descend to the Chocholowska Valley [on the Polish side of the border] for the first time in their lives only now, and that only thanks to my invitation.... If it is still difficult to cross the border, then no wonder," said Mr. Baluch. "There is no question that we need to get to know each other better and cooperate better," he added. "This is the wish of both sides."

No one really knows how Poland's cooperation with the two new republics south of the border will be like. Furthermore, no one knows what will be the effects of the separation of the two interconnected economies and what impact will it have on trade.

Polish-Slovak Meeting on 'Delicate' Subjects

93EP0117A Warsaw RZECZPOSPOLITA
in Polish 10 Dec 92 p 7

[Article by Katarzyna Kolodziejczyk: "Poland and Slovakia: Only the Beginning of Dialogue"]

[Text] "The goal of Slovak foreign policy is primarily good relations with its neighbors. Poland holds a special place among them, an irreplaceable one," said Milan Kniazko deputy prime minister and minister for foreign affairs of the Republic of Slovakia. He made an official visit to Poland on Tuesday, 9 December 1992.

The program of the visit included both talks alone with the head of Polish diplomacy Krzysztof Skubiszewski and plenary talks with the Polish Ministry of Foreign Affairs and a meeting with Prime Minister Hanna Suchocka, deputy Marshal of the Sejm Jacek Kurczewski, and Marshal of the Senate August Chelkowski. Deputy Prime Minister Kniazko also met with President Lech Walesa.

"In the delicate situation caused by the breakup of Czecho-Slovakia into two sovereign states, the Polish side wanted to transfer the good relations with the Czechoslovak Federal Republic to both sovereign republics," said Krzysztof Skubiszewski. "But it is not a simple matter, and it cannot be done in a mechanical manner since we will have to deal with a new kind of relations even if just because there are two separate nations. Poland, however," Skubiszewski emphasized, "is well prepared for this task."

There will other causes for a new kind of relations—if only because of the new settlement of economic relations adapted to Slovak potential, which is basically agricultural, in relation to previous relations with the entire Federal Republic.

Milan Kniazko said that the Slovak side is prepared to sign an agreement on free trade when the governments of Czechy and Slovakia agree on the text of the agreement. Although the date is still not certain (the agreement on free trade between Hungary, the Federal Republic, and Poland was to be signed in November), Kniazko said that a decision by the government can be expected even this week, and he did not exclude signing the agreement even in December.

Both sides did not hide the fact that Slovak finds itself in a delicate situation not only because of the "divorce," but also because of the tension in Slovak-Hungarian relations caused by the dispute over the construction of a dam on the Danube (Gabczikowo). "These conflicts," said Skubiszewski, "worry Poland; thus, Poland will make an effort within its abilities to prevent them."

Much attention was devoted during the talks to the state of the Visegrad Group. Slovakia hopes that the group will become a group of four states after 1 January 1993. Our neighbor is also interested in joining the European integration process and in participating in military cooperation within NATO. For these goals the Polish side expressed understanding and support.

Among the specific issues of importance to the Polish side are local cooperation along the border we share with Slovakia.

Both sides decided to take certain initiatives aimed at improving and intensifying the cross-border movement. The eight current crossings were judged insufficient, although both sides realize there are financial difficulties. In the opinion of Prime Minister Suchocka, Slovakia's joining the Euroregion of the Tatras would be a beginning to good relations.

Both the Polish guest from Slovakia and the Polish side agreed that the Warsaw talks are just the beginning of a dialogue and showed a need to continue them. Thus Prime Minister Suchocka invited Prime Minister Vladimir Mecziar of the Republic of Slovakia to Poland, and Milan Kniazko invited Minister Krzysztof Skubiszewski to Bratislava.

The head of Polish diplomacy said that on 1 January 1993 Poland will immediately recognize both republics.

The president of the Republic of Poland also gave assurances that Poland will not interfere in the internal affairs of Czechs and Slovaks and expressed the hope that Poland and Slovakia will soon find themselves in one united Europe.

Lithuanian President on Bilateral Relations

93EP0090C Warsaw POLITYKA in Polish
No 46, 21 Nov 92 p 12

[Interview with V. Landsbergis, president of Lithuania, by Alina Kurkus; place and date not given: "Don't Count on Submissiveness"]

[Text] [Kurkus] We can speak calmly now. Why did the elections turn out the way they did?

[Landsbergis] There were many reasons. First, the population's dissatisfaction, especially with the economic situation and the way the agricultural reform was going, along with the lack of heating and gas, which has such a drastic impact on daily life. Russia cut off deliveries of crude oil and is piling up barriers to buying it. And people are tired. This is the third year now that we are facing economic difficulties created both by the blockading of the Eastern market and by the painful process of transformations in the economy, the transition to a free market. Too little was explained to society, which thinks that the government will raise prices but doesn't need to. For this reason, the government is bad, and the government in their minds is Sajudis, which is not entirely true. Added to this was the opposition's strong propaganda attack saying that all this was the fault somehow of Landsbergis, who is supposedly running the country. People imagine that Landsbergis can do as much as the former party first secretary. He's at the top and makes the decisions. That's the way people see it.

[Kurkus] In the postelection analysis, people said simply that the former communists took advantage of the fact that Sajudis had made mistakes. Do you notice any sort of errors in Sajudis policy?

[Landsbergis] Former Prime Minister Vagnorius suggested back in the early spring that the government was facing a new parliamentary majority, that it was no longer being supported by parliament, and that a government of the new majority would be more authentic, but this new majority didn't try to change the government, only to restrict and block its efforts. The government, on the other hand, complained that its hands were tied.

It would have been better if the power had been turned over to a new parliamentary majority several months ago, so it could have tried to do what was being called for. It's hard to consider the rapid rate of privatization and agricultural reform to be a mistake. Western experts looking dispassionately were positive in their assessments. They thought that privatization was going well and even better than in our neighbor countries. As a result there are large aid programs from the World Bank and the IMF. Behind this are still greater funds to support economic reforms, with a long-range view to overcoming the present crisis and the hope of some stability, which is expected to come next year, perhaps even by the summer. But we weren't given the time.

[Kurkus] But it was Sajudis that started calling for elections to be held sooner.

[Landsbergis] Because of the new situation in parliament and difficulties in running minority governments under sever criticism from the opposition. It won points without bearing any responsibility. In addition, at any moment it could start taking over the press, television, and the commission to examine KGB activities and look

at into its archives. In the elections, we wanted to make it clear just what sort of mandate these new groups had, these fierce raiders so sure of themselves, who formed blocks with the postcommunists. It turned out that they didn't have support in society and they were pushed to the sidelines.

At the same time, expectations about the ratios of major political forces in the next parliament miscarried too. They counted on having a nearly equal chance, and the calculations of the centrist groups were based on this idea. It turned out that leftist propaganda and the population's dissatisfaction had a far greater influence on the results of the first round.

[Kurkus] Can a second round change the results? There are still 61 seats to fill.

[Landsbergis] A great deal will depend on how active the voters are. A large number of them certainly voted for the opposition, without necessarily wanting such a great victory for the communist party. Society had a shock. It understood that people from the old system were unexpectedly coming back into power, but resignation and bitterness can also affect the results. Nobody knows whether they will even go to the polls.

[Kurkus] If these results don't change, will you and Sajudis accept an offer from Brazauskas' party and create a great coalition with his LDPP [expansion unknown]?

[Landsbergis] We have to weigh what sort of chance there is for a so-called "great coalition" and whether the country would benefit from it. The absence of any constructive opposition in parliament could be useful to Brazauskas' party. It could make things easier for him and signify a division in responsibility. If this great coalition is to be the way things were in the "people's democracies," one real party with satellite parties for cosmetic reasons, then the time for such political constructs has passed.

[Kurkus] But what if Sajudis corrects its position to the extent that it could create a government by entering a coalition?

[Landsbergis] I don't imagine that would be possible.

[Kurkus] How do you imagine Sajudis' role as an opposition party for Brazauskas?

[Landsbergis] Mainly to defend the basic line of Lithuania's political and economic independence and to maintain a pro-West orientation, if attempts are made to put forth changes in this direction.

[Kurkus] Do you think such prospects exist?

[Landsbergis] I think so, because pressure from our eastern neighbor is growing. The winners of the elections have good traditions of relations with Russia...

[Kurkus] What role did Russia play in the elections in Lithuania?

[Landsbergis] It's simple, dissatisfaction over difficulties in daily life were the result of the fact there was no economic cooperation with Russia, and problems piled up for Lithuania. It started in the summer, when Russia unilaterally changed the agreement on trade and economic cooperation, introduced new prices and tariffs, export quotas, and licenses, and blocked our accounts and income for products supplied to Russia.

[Kurkus] Will you run for president of Lithuania? How do you rate your chances, inasmuch as people say that Brazauskas will also run?

[Landsbergis] Yes, I'll run, although Brazauskas' chances will be good.

[Kurkus] What's your assessment of the current status of Polish-Lithuanian relations? What would you expect from the Polish side?

[Landsbergis] I would expect the Polish side not to count on Lithuania's being more submissive or on being able to take advantage of that. We hear rumors from Poland that there is a chance for a new policy towards Lithuania and that this could be good for Poland.

[Kurkus] That is surely because Brazauskas' party talks about greater openness to neighbors and the easing of nationalist tensions, and because it did not vote against Poles in parliament.

[Landsbergis] I know what's behind those phrases. Because the right-wing and Sajudis people were accused of being too pro-West, in this context "openness to all" means being oriented more towards the East.

[Kurkus] One of the Lithuanian politicians told me that the Polish problem in Lithuania would disappear once Brazauskas' party came to power.

[Landsbergis] This is a problem of the Poles and not Brazauskas or Sajudis. The Poles will not disappear after the elections, and influences in the Polish society of postcommunist and communist forces will not disappear either.

[Kurkus] Are sympathies of this sort predominant among the Poles?

[Landsbergis] Of course. The *nomenklatura* is strongly entrenched there, more so than anywhere else. It is more russified than the Lithuanian *nomenklatura*. There are also nationalistic, anti-Lithuanian influences there.

[Kurkus] Aren't these anti-Lithuanian attitudes a reaction to nationalism found in some Lithuanian circles?

[Landsbergis] First, in Summer 1988, there was this anti-Lithuanian tone.

[Kurkus] The Poles claim it was the other way around.

[Landsbergis] I have a very good recollection of the chronology of events.

[Kurkus] Getting back to the question, do you see any possibility of better Polish-Lithuanian relations?

[Landsbergis] Relations aren't bad. I don't know why people keep telling us they're bad. Mr. Maciejkaniec thinks so. I don't. Naturally, there are problems. It's a matter of trust, but there is no enmity or ill will, the way some people claim.

[Kurkus] Lithuania is now Poland's only neighbor that it doesn't have an international treaty with.

[Landsbergis] You didn't want one, so you don't have one.

[Kurkus] It probably depends on more than just Poland alone.

[Landsbergis] Poland tried to exert pressure, as though Lithuania were somehow behaving badly, so there's no hurry over signing a treaty.

[Kurkus] Do you think that Lithuania made any mistakes in its policy towards Poland?

[Landsbergis] I don't see how Lithuania hurt Poland in any way. I don't recall Lithuania's ever having caused Poland any distress.

[Kurkus] And did Poland ever do so to Lithuania?

[Landsbergis] The Polish Government's relationship has sometimes been unclear. We aren't particularly mad at anybody over not supporting or recognizing us, but I recall the reaction of my father, an old man, when he learned that Iceland had recognized the newly formed independent Lithuania. I was surprised when he said: "Well, Poland made a mistake not being first." But Poland wasn't even second.

I'm not accusing anyone, but that's the way you can look at it today. Let me add that we also had a great many expressions of good will from people in the Polish community, even from the government, which received our foreign affairs minister, when we sent him for conditional emigration. Meanwhile, he found refuge in Warsaw and was received, although the Polish government could have had some difficulties over this. So we had expressions of good will, but at the same time there were efforts in the Polish communist and UB [security administration] circles to damage our relations. This was done in the Scandinavian countries and in Germany. They wanted to spoil the picture of a suffering, heroic Lithuania struggling for democracy and freedom, by presenting Landsbergis as a dictator and the Lithuanians as nationalists and extremists. This found fertile ground in Poland for accusations about alleged injustices against Poles, who had to be protected from the bad Lithuanians. We had unjust, bitter articles in the newspapers, even the good ones.

[Kurkus] This happened after the regional councils were dissolved in Soleczniki and in the Vilnius region, which did not go down well at all in Poland.

[Landsbergis] No, it was earlier than that, and if we're talking about councils, they were dissolved not for being Polish but for being communist. They weren't dissolved on account of the Poles there. If they hadn't interfered and fought against Lithuania, they would have been left and peace and would be still governing.

[Kurkus] Since the dissolution of the councils was absolutely essential, why weren't new elections set up right away? Delaying them spoiled Polish-Lithuanian relations.

[Landsbergis] I don't think different people would have been elected, so there was no sense holding elections.

[Kurkus] But they would have been democratic elections.

[Landsbergis] What does "democratic" mean, when people don't have a choice?

[Kurkus] Self-government elections will be held in "Polish regions" at the end of the month. Do you think the situation has changed now?

[Landsbergis] I'm afraid it hasn't changed enough, but it may change gradually and let in a little more fresh air. I'm afraid, though, that a handful of people from the old *nomenklatura* will continue to govern, those who still have influence and make people afraid.

[Kurkus] What's there to be afraid of?

[Landsbergis] If they realize that they are no longer dependent on them, then there will be more democracy, but we see the sort of relations that predominate there and the sort of atmosphere in which Poles who do not follow Mr. Maciejkaniec, for example, must live. How many threatening phone calls Mr. Czobot or even Mr. Okinczyc received that promised death for betraying the Poles! Well, maybe that will gradually change. There seems to be a new wave coming.

[Kurkus] Thank you for the interview, Mr. President.

Controversy Surrounding Jan Maria Rokita Viewed
93EP0110A Poznan WPROST in Polish
No 47, 22 Nov 92 pp 26-27

[Article by Agnieszka Sowa: "Mascot"]

[Text] "I will be president of the Polish Republic," is how the seven-year-old Jasio, today head of the Office of the Council of Ministers, deputy for the Democratic Union (UD), Jan Maria Rokita reportedly responded to the standard teacher question: "What do you want to be?" His colleagues remember the event chiefly for the Republic and the surprise of the teacher. Minister Rokita does not confirm his first political declaration, but he

does not deny it. "Until I was eight or nine, I had the firm conviction and the desire to be caesar. Only with time did my ambitions decline. Now I walk on the ground," he says.

"Politics is my profession, passion, hobby, private life. There is nothing else. Question: How long can you live in this way?" says Jan Maria Rokita. "In normal conditions one should not hold such a high post at a young age, if only because the future prospects for advancement are limited," he admits. A too-rapid career can quickly end with a political retirement. In order to avoid that and also in order to make up for "a backlog of life," Rokita is planning a political vacation after finishing the mission for Prime Minister Suchocka: philosophical studies in Great Britain.

"Heel and arrogant" is how the deputies of the Center Accord (PC) justified their motion to remove Rokita from the post of head of the Office of the Council of Ministers. Many of Rokita's political allies would gladly agree with the accusation of arrogance; especially his colleagues from the Union, and he himself would have a chance to win a competition for the most disliked minister and the most conceited deputy. The case of the Wroclaw voivode alienated Rokita from the Union. The head of the Office of the Council of Ministers did not name the candidate recommended by Wladyslaw Frasyniuk. This demonstration of strength or of political independence might have been forgiven him. But they will not ignore the capitulation to the Christian National Union (ZChN) and the "sacrifice of the party on the alter of the fatherland." And not the speech at the club when "with a teacher's tone he explained what a state is and explained the instrumentality of the party to the state." "Janek has always been prostate, he said similar things before he was named head of the Office of the Council of Ministers," Bronislaw Geremek defends Rokita, but Geremek admits that the lectures ex cathedra sounded differently when deputy Rokita gave them and when they echo in the mouth of a minister.

"Rokita learned much from Geremek, but he also took his negative characteristics. Everyone has become used to the show of superiority by the professor; it suits him. But what the voivode can do, the smart aleck cannot," says one of the Union deputies.

"Speaking of sick ambition in relation to Rokita is a misunderstanding. The guy simply is good and knows it; he is one of the few professional politicians in Poland," says Andrzej Dlugosz, an activist of the Krakow chapter of the Liberal-Democratic Congress (KLD). When in 1989 Rokita stood in the elections for the Citizens' Committee, he was not satisfied with the campaign organized by the Committee. He created his own election staff drawing on colleagues from Freedom and Peace and the Independent Association of Students (NZS). Rokita's opponent was unusually popular in Krakow: Leszek Moczulski. "They put me against a leader," says Rokita. People from the Krakow NZS think that Rokita was chosen for his common sense and

foresight. He represented the youth (at the roundtable he was a member of the group for youth affairs); he was not, however, aggressive, as other members of Freedom and Peace from the angry "Krakow group" were.

Jan Maria Rokita admits that he was accepted both by the members of Freedom and Peace and the NZS and the so-called Krakowek: "I returned from the diversions and sat down to write an article for TYGODNIK POWSZECHNY."

Rokita had to work to defeat Moczulski. At his initiative there was even a public debate between the two candidates at the Jagiellonian University. Rokita won the match with Moczulski. Perhaps that is why two years later he felt the defeat so strongly: After 1991 elections in Krakow not Rokita but the leader of the Confederation for an Independent Poland (KPN) won an absolute majority of the votes. He came into politics on 22 September 1980. Then for the first time he went to a demonstration organized at Jagiellonian University by the independent student organization. Soon after, the 20-year-old student of law appeared in the NZS. "A man off the street" known to no one. "I am Jan Maria Rokita," he said. The guys sitting in the room were amused by the tone with which Rokita announced his arrival. His appearance and way of speaking made them laugh; too serious for a 20-year-old. But soon.

Chairing the NZS at the Jagiellonian University was the first step in his career. Later there was the national body of the NZS, martial law, internment, finally underground activity. One he fled his own house in a dress and a woman's wig.

Another time, when they were evacuating the University through the "sewage system," he left his pants near St. Ann's. "I was one of the main diversionaries in Krakow," the head of the Office of the Council of Ministers says. His colleagues from the diversions say today he was not in the first line. "Demonstrations frequently aroused my embarrassment; I participated in them rather out of common sense. It was difficult not to notice the grotesque quality of the situation: 99 percent of the passers-by looked at us as a phenomena from the realm of social folklore," he recalls.

Romaszewski introduced Rokita to Warsaw politics. He learned independence of political judgment and the ability to resist collective opinion. Rokita has shown this more than once. In 1988 at the International Conference on Human Rights in Krakow, he praised the Americans for invading Granada, since otherwise we would have had a "second Cuba," and caused amazement among the representatives of leftist U.S. nongovernmental organizations.

"Bronislaw Geremek introduced me to political diplomacy. He taught me negotiation, the art of compromise, and parliamentary tactics. My political path and Zbigniew Romaszewski's have parted. My great friendship with Professor Geremek continues until today and I am still learning." In the Union they say that Rokita "has

broken away" from the professor, but the latter still defends him. The friendship with Bronislaw Geremek began fairly strangely. At the first meeting of the Citizens' Parliamentary Club (OKP) at the Auditorium Maximum at Warsaw University, Rokita spoke out against Geremek. The professor became the chair of the OKP; his adversary was elected deputy. During this period, Henryk Wujec was asked insistently in the United States: "who exactly is this Rokita?" He answered, "he is our mascot."

He quickly ceased being a mascot if he ever was. He became deputy chair of the Parliamentary Club of the UD neither as a potential adversary to Geremek nor as a mascot. He resigned only when he became head of the Office of the Council of Ministers in the government of Prime Minister Suchocka, whose candidacy, others in the Union say, he himself thought up.

Beer Party's Parliamentary Identity Maintained

93EP0098B Warsaw *RZECZPOSPOLITA*
in Polish 23 Nov 92 p 2

[Article by E.K.: "Beer Drinkers in the Snake Pit"]

[Text] On Sunday, 22 November, Janusz Rewinski was reelected the chairman of the Polish Beer Lovers Party [PPPP]. As he put it, this was his major setback because he defeated his rival—Leszek Bubel—by only 12 votes. One and a half years ago, at the PPPP's founding congress, he was elected unanimously.

In addition to electing the party chairman, the First Congress of the PPPP's delegates, called on by the General Assembly of the party members in September, adopted the party statute and program. It was also decided that the party's parliamentary representation would be called the PPPP parliamentary circle or club (depending on its size). Adam Halber, who had previously established the circle "Social Cooperation" [Spolegliwosc] together with two other deputies (as a result of a misunderstanding), declared his willingness to join the PPPP circle. Janusz Rewinski is not sure how this decision will be received by the deputies—members of the Polish Economic Program [PPG]. Furthermore, it is difficult to predict how the change of the club's name will be received by the PPPP partners in the government coalition. Rewinski has admitted that the PPPP economic program is closest to the liberal one. Small businessmen constitute the majority of the party members. Therefore, the most important for them are the problems of taxes and permanent customs dues, as well as the issue of making the loan regulations more clear and the loans themselves more available. However, they stressed that their parliamentary representation should not join alliances which would obfuscate the circle's identity.

"Let's hope that wisdom and maturity of deputies from other parties will not upset them," said Rewinski.

Prior to the congress, people had expected a split within the party. The rumor had it that the one of the congress'

purposes would be to call off the party chairman. Adam Halber and Leszek Bubel were supposed to be two other candidates to that position. Halber, who did not run after all, stated during the debate that the PPPP would not have a chance without Rewinski. However, it also became clear after a year and a half that the party's situation would not change without a professional backup—bookkeepers, archivists, and office managers.

"The problem is how to reelect Rewinski," said Halber when it turned out that the delegates did not give the vote of acceptance to the old party leadership. The rumors coming from behind the closed doors of the congress fueled those worries as well.

"I did not join the PPPP to make alliances with the liberals now," said one of the delegates. Others claimed that what was going on at the congress could not be repeated in public.

Having been reelected, Janusz Rewinski stated that an agreement was reached after all. His earlier worries resulted from the fact that he had never been a chairman of a party before. As a result, he did not know how much responsibility he would have to carry on his shoulders, and he took the whole issue easily, considering it to be just a show. So many problems have accumulated since the PPPP's beginning (especially in the realm of management) that Rewinski expected to have his nose bloodied by people who would not tolerate his show-business roots.

"They did not spare me from some charges, but at the end they trusted me again. I do not intend to stop having fun, but I think the buck will stop at my desk this time around."

According to the new statute, a new Supreme Bench will be established within a month, filled with the delegates from the regional benches. In addition, the chairman will appoint deputy chairmen.

Breaking with their standard practice of not addressing political issues in public, the delegates adopted a resolution that supported the referendum on abortion.

Democratic Union's Future After Hall's Departure

93EP0018B Warsaw *RZECZPOSPOLITA*
in Polish 5 Oct 92 p 5

[Article by Marek Budzisz, member of the Faction of the Democratic Right: "Democratic Union's Image"]

[Text] The leader of the Democratic Union [UD], facing the secession of the Faction of the Democratic Right [Fracja Prawicy Demokratycznej—FPD; Forum Prawicy Demokratycznej—Forum of the Democratic Right—is also used in the article], said, among other things: "The Union will go neither to the right, where our place is not, nor to the left, where we have never been."

Zofia Kuratowska, who was in charge of the Union's Social-Liberal Faction [FSL], held a somewhat different

opinion as late as June 1992. She argued at that time that were the group of politicians surrounding Aleksander Hall to leave the party, her group would not need to be separate because FSL's values would become the Democratic Union's official program.

Given the current changes on the Polish political scene, it is worthwhile to begin a serious debate about the UD's programmatic and political countenance. It is also worthwhile to consider which of the changes within that party are genuine, and to what extent the revaluation going on there can influence the reformist camp.

Alliances and Sympathies

Politically, the Democratic Union is for establishing a grand coalition in support of the market reforms. The Union's close ties with the Liberal-Democratic Congress [KLD] and the Polish Economic Program [PPG] may result in a confederation of those parties' parliamentary clubs, or even in a joint election platform. Among the second group of the Union's desirable allies, although more as parliamentary than electoral partners, there are the Union of Labor [UP] and the Polish Peasant Party [PSL] on the left. In particular, the latter party is positively perceived by both the leadership and members of Tadeusz Mazowiecki's party [the UD]. That positive perception has been influenced by Waldemar Pawlak's mission, very well received within the Union, and hopes that the PSL's alliance with the coalition, supported by Belweder [presidency] will stabilize the Polish political scene for a long time.

In addition, some parties situated to the right of the Union on the political spectrum, especially the small Party of Christian Democrats [PChD] and the Peasant-Christian Party [SLCh], are considered potential partners of the coalition as well. However, in contrast to the PSL leader [Pawlak], the leaders of those parties do not enjoy personal popularity within the Union. As a matter of fact, one of the most common charges against Aleksander Hall's initiative questioned the sincerity and loyalty of FPD's new partners.

The Union's coalition with the Peasant Accord [PL] and the Christian National Union [ZChN] is in fact a marriage of convenience, secured against popular preferences, and based solely on cold calculation and a desire to create a parliamentary majority. This truth cannot be changed by the UD ministers in Hanna Suchocka's government who declare nowadays that their rapport with the members of the government who came from ZChN is surprisingly good. Henryk Goryszewski's pragmatism might have come as a surprise to the Union politicians, but only if they had shaped their opinions about him on the basis of unfavorable press articles.

Finally, it would be worthwhile to devote some attention to the Union's attitude towards the Social-Democracy of the Polish Republic [SdRP, successor to the communist PZPR]. The programs of these two parties are far apart. Furthermore, their political interests may inevitably lead to a conflict between them, especially given the fact that

SdRP is UD's most dangerous rival in many localities. Nevertheless, as far back as in the spring of this year, the Parliamentary Club of the Democratic Union [KPUD] attempted to break the political isolation of Kwasniewski's party [SdRP]. KPUD members pointed out publically at that time that all deputies of the present Sejm had been elected in free elections, and therefore to refuse to cooperate with one of the parliamentary clubs would be disrespectful towards the electorate's will and even democracy itself.

This naive reasoning was supposed to support the argument that the Democratic Union, or at least the leaders of its parliamentary club, would be willing to cooperate in some cases with the party of Kwasniewski and Miller.

Therefore, if one were to define briefly the Democratic Union's position among the Polish political parties, one would have to say that it is a center-left grouping, willing to cooperate with the Sejm's right-wing for pragmatic reasons, but more sympathetic towards the left.

Programs

It is difficult to deny that the Democratic Union's economic programs are liberal, but even in this case one cannot expect the party to embrace the liberal principles entirely.

Even during the unification congress, Jacek Kuron's demand that the employees be represented in running the state enterprises was the source of considerable controversy.

There exists within the Union a specifically understood welfare activist current, centered around Jacek Kuron and his closest colleagues. These politicians emphasize that only a broad social participation and the release of the nation's altruistic energy can help overcome the problems Poland faces. This position presupposes that all people who are waiting to obtain the co-op apartments should participate in solving the housing shortages, while the unemployed and those dissatisfied with their wages ought to actively join in the privatization process of their companies. Programs like these reveal that their proponents favor a philosophy of a grand social contract between the government and the trade unions, or compartmentalized contracts between the government and interest groups, such as the members of the housing co-ops.

This explains the aspiration of certain of the Union's circles to speak on behalf of all of society and work out ever new variants of "the Pact for Poland." This would also explain the Union's reluctance to clearly define the social strata to which its programs and political declarations are addressed.

However advantageously a programmatic declaration put together in this way may contribute to the general image of Mazowiecki's party, it nonetheless hurts the party when it comes to elections.

Another source of considerable controversy was the notation, introduced under direct and unrelenting pressure from the Forum of the Democratic Right, that Union will declare itself for the separation of Church and state as well as for close cooperation between these same two institutions. Also in this matter the Union is torn apart between common sense, which tells them that an anti-clerical posture will not bring many followers to the party ranks, and the opinion of the majority of the party politicians who fear the Church's influence in public life. That is why Professor Letowska's stance and Professor Zielinski's [past and current ombudsmen] proposals have been received so well.

On the difficult issue of the abortion law, the majority of KPUD has supported the liberal draft of the left, while those UD deputies who opted for the ZChN's draft were treated almost like traitors. The experience of the last election campaign has greatly influenced the attitude of the Union activists toward the Church. The radical politicians from Wroclaw expressed a view—now widely publicized—according to which the reason for the Union's poor showing at the polls (worse than anticipated) was its leniency towards the Catholic priests. The election results in Wroclaw, where the Union was not lenient toward the Church, and where the party gained the largest percentage of votes, are supposed to corroborate this thesis.

This view is gaining wider popularity in other party divisions. In Poznan, considered to be one of the most conservative and Christian National centers, 75 percent of the Union members hold the opinion that their party's leadership should take a more decisive position on Church-state relations. At the same time, almost 35 percent of respondents claimed that the Church constituted the greatest threat to Polish democracy.

In Poznan, from which Tadeusz Mazowiecki and Hanna Suchocka—both proponents of the Union's more conservative image—were elected, the most popular Union politician is nonetheless Jacek Kuron, with 66 percent of respondents decisively supporting his opinions, and 31 percent giving him qualified support.

If one were to look for models in the West European political tradition which the Democratic Union politicians could draw upon, models that affirmed market solutions with rather extensive public social programs, and that combined liberalism with an aversion to (or at least distrust of) tradition, religion and the Church—then Mazowiecki's party would be comparable to liberal groups such as the German Free Democrats (FDP) rather than the Italian radicals.

From this point of view, opinions quoted in the beginning of this article do not seem to collide significantly with each other. Whatever differences there are, they refer more to political tactics. They are not an expression of an opposition against the Democratic Union's general

line. A group which has publically articulated this opposition—a group which wants to transform the Democratic Union into an unequivocally center-right party, which supports entrepreneurship, and which strives to modernize Poland in accordance with her tradition—has just left the Union. The hopes that this process of transformation may take place without FPD are an example of wishful thinking and speculation, detached from the reality of the Democratic Union.

Neo-Nazi German Youth Group in Opole Discussed

93EP0107A Warsaw SPOTKANIA in Polish
No 45, 5-11 Nov 92 pp 20-21

[Article by Ewa Wilk and Jerzy Ziolkowski: "Strong Men From a Woman's Field"]

[Text] The purchase of the house in Dziewkowice is to be an element of a broader plan: the construction of a Greater Germany from the Meuse River to the Niemen (with the participation of an "eastern German tribe of Poles").

"They simply lied to me! They bought the house in the name of a front man. They paid 30,000 German marks [DM] to the previous owner who moved to Germany. They said they were going to conduct cultural and educational activities," said Helmut Wieschollek, the village head, who against his will is the host to neofascist guests from the German party Nationale Offensive; now he is very outraged. During his 28 years in office (in the last elections he received 98 percent of the votes), he has systematically implemented a policy of Polish-German agreement expressed in the slogan: "no hell will set us against the Poles." The report broadcast on German television in the summer of 1992 that for nearly two years a unit of the Nationale Offensive has been in operation at 10 Polna Street in Dziewkowice (not far from Strzelce Opolskie) has brought him a great deal of bad press. Meanwhile, he has a precise opinion of the sometime residents on Polna: Only one is a decent person, he is teaching children German and is the secretary of our minority.

Those who are currently visiting Polna are, however, convinced of the favorable attitude of their hosts; among whom, according to the estimates of the village head, 90 percent are Germans. "The people in the village like us," admits Gunter Boschotz, a 32-year-old former student of history and political science, head of the Nationale Offensive in North Rhine-Westphalia. "The selection of Dziewkowice was rather an accident. We were looking for a house in the area of Zabrze or Rybnik. We are also renting a house not far away in Kadlub."

The parents of the former student Boschotz financed the purchase of the house as Stefan Jahnel, the treasurer of the Nationale Offensive, who is also in Dziewkowice, can affirm. He explains that the party is helping autonomous movements in Slask and in Prussia.

"We have a large number of German sponsors," he says with satisfaction. "They come from the area of Konigsberg, for example, a diamond trader who is now living in South Africa."

Olaf Korber, a carpenter from Munster, who ended his service in the Bundeswehr after four years (he had contracted for 12), disillusioned by its infantilism ("the German army is not an army; it's a preschool"), explains the financial strategy of the Nationale Offensive:

"Our newest project is the Patenschaft (patronage). A sponsor gives money for the purchase of a house for German families living outside of Germany. The house becomes its property. In return, the sponsor receives the right to use a part of the house during vacation for life."

The former carpenter and noncommissioned officer Korber for the last three months has been traveling in the territory of the former USSR. "I made contacts with Germans in Kazakhstan and in the Povolzha."

Meanwhile, however, the main offensive of the Nationale Offensive is directed at Gorny Slask.

"We could build a new flowering country here with the Poles. That is how it was before 1945," dreams Jahnel, the would-be computer specialist.

"We are planning on creating something of a pan-European movement," the carpenter Korber translates immediately into a wider horizon. "Thus, we want to work with Polish nationalists as well as with French or Czech nationalists. In general, the Nationale Offensive can work with any nation except for the state of Israel."

"Unfortunately, we have few contacts with Polish skinheads," mourns Boschotz, the would-be political scientist, and he adds that soon there are to be meetings with a representative of the Grunwald organization, Professor Drecza from Warsaw: "He is a radical anti-Zionist."

The recent incidents in Nowa Huta are not able to disturb the spiritual communion with Polish skinheads (Germans make up half of the members of the Nationale Offensive: "We do not want an escalation of force between Poles and Germans. The killing in Nowa Huta is an exception, and we hope that the killers are punished."

Politics and history, however, mar these warm feelings toward Poles for the activists of the Nationale Offensive. They call the most recent Polish-German treaties "a betrayal and compromise of the German nation." Boschotz defines the situation in his own country: "A liberal, capitalist repressive system, which lacks any national character. Even the republicans, from what I see, are sliding into the liberal camp."

In this light, how does the Nationale Offensive look? Founded in 1988 in Augsburg, it has about 500 members. Its goal is "a socially just, nationally and patriotically directed Greater Germany" (Grossdeutschland). How great? From the Meuse to the Niemen. The most

important modification of the program in relation to past history is the declaration of "cooperation between representatives of the white race." "Europe is threatened by an influx of Africans, etc." says Jahnel, the treasurer. "Every race should stay within its own original territories," says Boschotz.

The list of enemies of the white race is completed by Jews and homosexuals.

With the first, "the most dangerous influence is on the economy and the way they nest in other nations to destroy them." "They are simply parasites," says Korber.

The second should be sent "to a psychiatric clinic." "We are opposed to discrimination. But homosexuals are perverts and a threat to everyone," Korber again dots the i.

The Nationale Offensive is proud of its references to the NSDAP [National Socialist German Workers Party]. "If today it was possible to vote for the NSDAP with Adolf Hitler in the lead, we would do it," admits Boschotz, and he alludes to the previous thread and adds: "The racial politics of Hitler's time was in general correct."

Auschwitz? The speakers for the Nationale Offensive wait patiently for a longer speech. The gas chambers are a myth. Why didn't the gas not get out through gaps under the doors? Why didn't the gassed people break out the windows in the chambers? Why didn't the chambers blow up, since cyklon-B is explosive, and 10 meters away there was a furnace?

"When you compare the Auschwitz chamber to the gas chambers in the United States, which are very complicated technical equipment," Jahnel laughs, "you'd have to be bonkers to believe that there was any gassing in Auschwitz."

Having explained the most disturbing question, the young people on Polna can again return to peaceful declarations: "Force is not a means for reaching our goals, perhaps in our own self-defense. For example, now in Berlin, where Turkish bands beat every German with shorter hair because they think he is a skinhead."

They smile, joke, they are hospitable, and generous. They give people stickers, flyers, literature. In the book *German Eastern Lands From the Perspective of History and Politics and International Law* one can easily find a justification for that friendliness. In any case, "Poles come from an Eastern-German tribe, and their language does too."

The historical accounts, the book shows, are basically balanced. "The first concentration camps in Europe were in Poland: founded in 1918 in Szczypiorno and in 1919 in Strzalkowo. The were for Germans, who were in many cases immediately liquidated." This item also explains the causes of World War II: "In 1939, the Polish leadership... wanted to grab East Prussia, Gdansk, Pomerania, Slask, and a part of Brandenburg."

The Schlesien Report writes about Polish imperialism in this same spirit. It can be bought easily in the food store next to the office of the village head of Dziewkowice. On the map published in it, Poland is limited to the territory of Mazowsze. The prosecutor has recently taken an interest in the monthly since the Opole section of the National Party has put forward a request to prohibit the distribution and printing of the magazine. It was to have been bilingual; in practice, in the nine issues, there have been three notes in Polish. The prosecutor has not said there was a criminal violation. The actual owner and editor of the magazine (3,000 copies per issue) is reportedly Thorsten Paproth, the former head of the extreme rightist National Party of Germany, who has lived for a year in Kadlub, which is just across the fields from Dziewkowice.

"Paproth has begun a work which we are continuing," the activists of the Nationale Offensive say proudly.

In the middle of October, the authorities of Opole Voivodship must have felt a certain unease. They met with German journalists with credentials in Poland and with the Board of the Sociocultural Society of the German Minority in Poland. "Legal, political, and controversial social phenomena were discussed," the official communique announced.

And everything looked beautiful. For two years the presence of the Nationale Offensive aroused no emotions among the residents of the rural area. The priest Nozinski said that "the altar is to join not to divide," and he organized masses in German. The work of the Sociocultural Society of the German Minority, to which 820 of the 1,200 people in Dziewkowice belong was going full force. Bilingual signs were put up in the village: one on private land in front of the church; the other at the entrance to the village: "Dziewkowice-Frauenfeld."

Why Frauenfeld, or literally Woman's Field and not Schewkowitz as it was before 1936? "To be sure, under Hitler it was renamed Frauenfeld, but that sounds so nice," explains Wieschollek, the former head of the Volunteer Reserve of Citizens Militia and PZPR [Polish United Workers Party] secretary in Dziewkowice (at the time temporarily renamed Wiesiolka), about whose activities TRYBUNA OPOLSKA recently wrote still: "The village head wants to join Europe."

Transformation of Political Right Examined

93EP0098A Warsaw RZECZPOSPOLITA
in Polish 27 Nov 92 p 2

[Article by Aleksander Hall, chairman of the Forum of the Democratic Right: "What Kind of Right-Wing?"]

[Text] The Polish political scene is undergoing a transformation. The public opinion is watching it skeptically because it associates this process with chaos and the weakening of the familiar political structures. However, this process is inevitable. Moreover, it may turn out

fruitful if it brings order as well as clear ideological and programmatic criteria to the political scene.

Inevitable Process

The post-Solidarity political parties were born on the run. To be sure, there had been discernible political factions within the old opposition and then the Solidarity movement. But they and the broad Solidarity movement needed time to give birth to various political camps, shaped in accordance with well-defined criteria. The division of the Solidarity movement took place too hastily, having been in a way facilitated by Lech Walesa, then a candidate for presidency. That division was directly related to the personnel choice which people made in the electoral process—it depended on whether one was for Walesa or for Mazowiecki. It was largely the presidential elections that charted Poland's political map. By the same token, this is a temporary map. After all, people with similar political views found themselves in separate camps, while politicians with drastically different views were united only by their personnel choice, having voted for Mazowiecki against Walesa's presidency. It is not only illusory but also harmful that such criteria of creating political camps have remained in place. I think that the electorate will completely destroy the political scene if a number of political camps is not formed prior to the next parliamentary elections, so that the Poles could easily choose between them.

My goal is to make it sure that the camp of the new Right will be among them.

Two Ways to the Right

The Right was fashionable after the communists were removed from power. It was associated with the most radical rejection of the old system and its ideology. However, this fashion is passing now. The right-wing will have to make much more effort to persuade the Poles to follow its ideas and programs. Why is that? The main reason is obvious. The overwhelming majority of Polish society was sick and tired of the communist ideology and the PZPR [Polish United Worker's Party] dictatorship. However, it did not mean that the same majority would opt for the Right's ideas, especially its economic program. Society accepted the program which was supposed to move Poland from the socialist to the market economy because it put its trust in the camp that removed PZPR from power and was a symbol of struggle for the nation's freedom and citizens' rights. But this did not mean that society as a whole rejected the concept of the state-run economy, the affection for the welfare state, and egalitarian ideas. Most of all, society has not realized that the socialist economy is indeed bankrupt and that a great national endeavor—comparable only with rebuilding Poland country after World War II—is needed to bring our country out of the abyss.

The Left is promising an easier way out and exploiting society's deeply-rooted habits, as well as its notions of the economy and the state's role in it. No wonder then

that the ranks of the socialist reactionaries are growing. They have found a caricatural expression in the 21 demands adopted last summer by the so-called National Negotiation and Strike Committee.

The difficulties experienced by the Right have resulted not only from reasons beyond its control, but also from its own mistakes. Two tendencies could be distinguished within the right-wing movement in that regard.

The first tendency has defined anticommunism and the defense of national and religious values as the basic features of the Right. However, all too often the public has perceived the Right's pro-religious stance as its inability to undertake a dialogue with that part of Polish society which rejects the notion of a Christian Poland, codified by law. In this trend, the Polish national values and identity have been counterpoised against the European values and the vision of the liberal state.

Having failed to present a coherent vision of the Polish economic system, the nationalistic and Catholic right-wing has contributed to a sharp division of the Polish society, based on world outlook and ideology.

While defending the Polish national heritage, this school of right-wing thought has neither attempted to redefine the Polish national interest, nor mobilized the nation for the task of modernizing Poland.

The second tendency distinguishable within the right-wing movement has seen the ideological cornerstone of the Right in the individualistic interpretation of liberalism and the market economy. It has made an appeal to a healthy egoism of individuals willing to take a challenge. Needless to say, such an understanding of the Right condemns the movement to remain elitist and prevents it from creating a broad political front.

The New Right

I think that the future of the Polish Right depends on whether it is able to establish a broad political camp. That camp will have to address the question of reform of the Polish state and economy, as well as the issue of Poland's place in Europe. Furthermore, it will have to make an ideological synthesis.

I consider three issues to be the most important:

1. The Right cannot be created in Poland without being based on moral values stemming from the Christian vision of man. The Polish right-wing cannot disavow its own historical heritage. It has to defend the nation's identity, as well as to express its interests and its will to live in new times. However, the Right will not fulfill its task if it does not re-evaluate soberly the notion of Polishness. The right-wing has to be careful not to succumb to national megalomania and self-adulation. The Poles have to undertake a great task of modernizing their country if they want it to have a strong position in the new Europe. This requires that the notions of contemporary Polish patriotism and of Poland's place in

Europe have to be completely rethought. While the Right rejects the vision of an artificially homogenized, bureaucratized Europe, it should neither perceive the European cooperation as a threat, nor favor Poland's isolation.

2. The Polish Right should unequivocally stand for the market transformations that will develop private property, cut down state ownership to a bare minimum, stabilize the currency, and guarantee a balanced budget. However, the Right should always remember that democratic capitalism is more than just a specific economic system. One cannot stabilize that system and secure a public support for it if one does not pay attention to its moral and cultural foundations. If Polish public opinion continues associating capitalism only with individual egoism and indifference to the plight of the community, the chances for its success will be very slim. The proponents of capitalism have to evoke religious and ethical motives. They have to prove that they have the future of the whole national community in mind. Contrary to the primitive Marxist interpretation of capitalism, one has to point out that capitalism succeeded in the West thanks to the efforts of industrious and honest people rather than the tricks of rip-off artists and scruple-less egoists.

3. The Polish Right has to have clear ideas and a consistent program. It is only natural that it has to strive to gain the widest public support. But it cannot employ a language that introduces aggression into the political life and conveys a black-and-white picture of the world. The Right has to persuade people to follow its ideas. In addition, it has to be able to make political compromises when the interest of the state is at stake.

I think that the fulfillment of these conditions will determine not only the future of the right-wing ideas, but also the success of the systemic changes in Poland.

Postcommunist Left on Role of Opposition

93EP0090B Warsaw *POLITYKA* in Polish
No 46, 14 Nov 92 p 6

[Interview with Aleksander Kwasniewski, chairman of Alliance of Democratic Left Parliamentary Club, by Janina Paradowska; place and date not given: "With Us, Only in the Corridors"]

[Text] [Paradowska] You've recently granted several interviews that began with this question: What's the significance of the fact that the Alliance of the Democratic Left [SLD] has become the largest group in the Sejm? You have responded that it doesn't have any, but it's hard not to notice that several days later the SdRP [Social Democracy of the Republic of Poland] announced it wanted presidential, parliamentary, and self-government elections to be held quickly. So what's changed?

[Kwasniewski] There is no official SLD or SdRP document containing such demands. On the other hand, we emphasize that there are more and more reasons to talk openly about accelerated elections.

Shifts have occurred and are still taking place on the political scene. The Movement for the Republic and Aleksander Hall Confederation have come into being, and the liberals are forming a new coalition. These are all actions that have nothing to do with elections or seats. If this process continues and a new parliamentary arrangement results, in practice a new Sejm by contract, then in a year or two it will have to be confirmed by the voters. As for presidential elections, then, given all the criticism about Lech Walesa, we think that the elections should be delayed until things clear up on the political scene, and movements and parties come into being that can put forth suitable candidates. I would be afraid of having a situation again where we had to choose the lesser of two evils.

[Paradowska] Your group has no reason to complain about the president, who from time to time puts his left foot forward, is against decommunization, and helped oust Olszewski's government. The president is accused of actually maintaining the postcommunist arrangement.

[Kwasniewski] We appreciate what the president did to lead things to great political strength at a time when Poland was in danger, that he had the courage to propose Waldemar Pawlak for prime minister, and that in various moments he tried to bolster political pluralism, but those are only moments. The president is not consistent in his actions. Look at how he acts on the decommunization issue. For the moment he is protesting against inspections in the military, but he is ready to agree to decommunization of preschool educators, teachers, academic employees, journalists....

Above all, we accuse the president of not having any strategic plan, any clearly defined vision of our country.

[Paradowska] Today who does?

[Kwasniewski] But I expected that at least the president, after the elections had been won, would propose a plan to prepare a Constitution, a path leading to parliamentary elections, a method to reform the administration and reorganize the center of government. Instead all I see is ad hoc measure and a big mess.

[Paradowska] Now we're expecting the government to present such a vision of the state. Meanwhile there's a strange discussion going on over whether the government is left-wing or right-wing. What do you think?

[Kwasniewski] It's a Solidarity rescue government with no cohesive program, just sporadic efforts issuing from it every now and again, but we have to appreciate the fact that the government is trying to handle the solution of several problems in a more pragmatic way. Will it succeed? I don't know, given the extremely varied levels of qualifications the cabinet members have. It's hard to tell whether the government is oriented toward the left or right. Deputy Glapinski said that it's leftist, so I asked him to draw a political map of Poland for me. Without one I can't understand the complicated structures that

the PC [Center Accord] is building. The fact is, though, that the government is trying to find some sort of middle ground between a social market economy and the hard principles of running public finances. It is trying to propose that certain social goals be accomplished. I can guess this on the basis of declarations. On the basis of the draft to update the budget or reduce pension increases, on the other hand, I can see that it is taking a hard, liberal position that does not take social realities into account. It is hard to say which way this government will finally go.

[Paradowska] Your union deputies don't leave the government a leg to stand on in the debates on the economy.

[Kwasniewski] If you're talking about us as the opposition, please note that we voted to adopt the small Constitution and in favor of the radio and television bill. We behaved very prostrate, something that the ruling coalition unfortunately failed to notice, when it applied its oversimplified categories of "for" and "against" the reform. But, these votes, after all, show how we envision a democratic state. The ZChN [Christian National Union] was against the radio and television bill. If it hadn't been for our votes, the bill wouldn't have passed. For all that, let's see how the requirement of political representation on the National Council for Radio and Television is implemented.

[Paradowska] The ZChN would have voted in favor of it, if it had been amended to include a regulation talking about maintaining Christian values, but then the SLD would surely have opposed it, wouldn't it?

[Kwasniewski] We voted against the bill not because we are against Christian values but because this would mean imposing quasi-censorship. The next day when I read a statement about Olga Lipinska by one of the ZChN deputies, I understood just how far it could go.

[Paradowska] But let's get back to the government and your opposition. I think we've established that we don't really know just what this government is like.

[Kwasniewski] If we were judging by Prime Minister Suchocka, then I'd say the government was agreeable, but if I were to make a judgment from the standpoint of certain other members of the cabinet, I'd say the opposite. Speaking seriously, there's no unanimous view of the government. It's just seeking a path for itself, but if we're talking about a political orientation to the right or left, I don't think these terms adequately describe the current situation in Poland, or anywhere else in the world, for that matter. There are obviously those signs that universally designate an orientation to the left, such as the relationship of hired employees, the extent to which the government intervenes, how secular the state is, and so on, but alongside this there is the whole huge sphere of practical politics and economics. I remember a conversation with Alfons Guerra, deputy chairman of the Spanish Socialist Party. After he'd listened to a discussion in Poland on the subject of the various faces of socialism and capitalism, he said he was jealous of us

over the fact that all these problems are so important to us, because this way every political force, especially any political power with aspirations to taking over the government, had to exhibit one great skill, the ability to resolve problems on the practical level.

[Paradowska] Aren't you being too cynical?

[Kwasniewski] It would be cynical if given this skill there were no dispute over values. The argument continues. This is the reason, for example, that the issue of the abortion law is for me such an exceptionally important test of the government and the ruling coalition. If this appalling version with its penal sanctions for installing a coil passes, then I'm going to say the government is ultra-right, conservative, and beholden to the church.

[Paradowska] The government claims it's not ideological, that it's up to parliament to decide on ideology.

[Kwasniewski] That's hard to separate. There's the government and there's the coalition. What's important to me is how the coalition votes.

[Paradowska] There'll be a split. That's easy to predict.

[Kwasniewski] And here I ask just what sort of state that coalition wants to build. People talk so much about prostate groups, so I want to know what the vision of this state is.

[Paradowska] At the same time there was so much loud talk about your statements on accelerated elections, people also quoted other statements coming from the ranks of the SdRP. Members of the Solidarity elite had exhausted their possibilities. Does that mean that it's time for you to go back?

[Kwasniewski] That was a quote from a single statement, but the fact is that the values out of which Solidarity was born, the values that created its ethos, are worn out. Solidarity activists themselves admit this. Much more important to me is the fact that the members of the Solidarity elite are not developing any strategic concepts today for Poland's development. Nobody can convince me that Deputy Prime Minister Gorzyszewski can be the chief architect of the Polish economy. It really wouldn't take me long to find from without our ranks and elsewhere several candidates who are better suited for the job.

[Paradowska] But I don't see that anything creative has come from the government side. One of your chief economists, Prof. Jozef Kaleta, seems to be highly valued by Solidarity '80, the coauthor of the next "21 postulates."

[Kwasniewski] These postulates were proof of impotence, on the one hand, and the final call for leadership derived from the trade unions, on the other, a call for those in power to remember where they came from. But getting back to your question, I think that important strategic concepts for Poland's development can mature in various groups. The PSL [Polish Peasant Party], for

example, has an interesting contribution, and we also have our own ideas and proposals. I think that Poland is really facing a great problem in choosing a strategy of economic and social development. I also think that such a concept can come only out of dialogue among all the groups. There is no such dialogue today. Last year we clearly left the path of collaboration and discussion in favor of launching invectives. At the moment we have a political battle and fronts set up, and, worst of all, the economic issues are treated merely as ammunition.

[Paradowska] The opposition is also varied, but it speaks with a single voice. How do you feel being in an alliance with the KPN [Confederation for an Independent Poland], PC, and Olszewski's party? You usually vote the same, but the tone of the statements, especially those coming from your trade unionists, are not very much different from those coming from the right.

[Kwasniewski] The opposition always operates in relationship to something. The present government was born out of a political arrangement that would have been completely unimaginable a few months ago, because somebody could picture the UD [Democratic Union] and the ZChN in the same camp. This created an equally strange situation for the opposition, which consists of those groups not part of the government coalition, although their platforms differ very greatly from one another. When we vote against some government concepts because we think they don't go far enough in embracing state intervention, the PC may vote with us for the very reason that these same concepts are too interventionist for them. On the other hand, because the RdR [Movement for the Republic] is now out of power, it always votes against the government, regardless of the issue. I'm not familiar with any of the economic philosophy embraced by Olszewski's party.

[Paradowska] But I see a similar course of argument in the SLD, PSL, and KPN statements. So there your platforms show a great degree of uniformity.

[Kwasniewski] We can undoubtedly talk about certain common threads in the platforms of the PSL and the SLD. We agree with them on many issues. What connects us to the KPN is the appeal to people paid for their work and to all those in trouble as a result of the changes. What disturbs me about KPN activity, of course, is the superior position of social engineering over the platform. Even in the stiffest opposition, we'd never dare make promises about 7 million pensioners or propose an open budget.

[Paradowska] Do you see KPN as the most dangerous contender opposite you in the elections?

[Kwasniewski] The KPN is playing for completely different voters, for those undecided whom to vote for. The KPN appeals to moods and emotions. It chooses people in a somewhat sporadic way. When a person votes for us, it's no accident, but with eyes open, choosing even perhaps with a certain level of courage and determination.

[Paradowska] So no government coalition would come out of this opposition?

[Kwasniewski] You can't rule anything out in politics, especially in Polish politics. But regardless of how varied the opposition is, I'm surprised that this government doesn't carry on a dialogue with all the opposition groups, inasmuch as this is a government that never knows how it will fare in a vote in the Sejm, doesn't even know whether it's a majority or minority government or perhaps even the result of a draw. If there were such a dialogue, I think that Prime Minister Suchocka's government would have great support in parliament on a number of issues.

[Paradowska] Is that a political declaration?

[Kwasniewski] Why wouldn't we lend our support to those government measures that meet our platform goals?

[Paradowska] The UD and KLD activists talk to you in the corridors.

[Kwasniewski] Those are corridor talks conducted when there really is a panic. This was the case concerning the program on general privatization and when there was a decision to remove Minister Lewandowski. You can't call these talks serious political dialogue.

[Paradowska] Several days ago I read a Wladyslaw Frasyniuk's statement that the Union and the coalition should be "more flexible towards the SLD."

[Kwasniewski] I read it too and would have received it with great joy, had it not been for the fact that Frasyniuk immediately added the words "and towards the UPR [Union for Real Politics]." Within this framework, I don't quite understand the idea behind the statement. Meanwhile, the problem is extremely important and can be summed up in the question of what can be done to expand the support for the Polish reforms and form a majority around them. Such support cannot be mounted without creating connections to the large social groups and their political representatives. In think that we still need an ongoing sort of agreements about several basic questions, such as the Constitution, the road to the next elections, and, in the economic sphere, issues such as the relationship to government companies, pensioners, retired people, and the budget-financed sphere. This should be a pact of the major political forces agreed upon in such a way that to break it would mean being ruled out of the game. For example, let's take an important matter like ratifying the new Constitution. The Sejm has already named its share of commission members, but I'm afraid the Constitution cannot be ratified in the present situation with the present components. Even if Moczulski, Cimoszewicz, Kaczynski, Olszewski, Mazowiecki, Tusk, and my own humble self were to work on it 24 hours a day, we wouldn't resolve anything. The Constitution, one of the key elements, is a task that can't be carried out. We will continue to be beset by conflicts. Several days ago I heard that Minister Falandysz had said that

we have in Poland a very strange sort of democracy, because the public is most in favor of institutions that are basically, as he put it, totalitarian, that is, the army, the police, and the church. I don't want to consider this to be an alternative. This can't be a concept for Poland.

[Paradowska] Thank you for the interview.

Congress of Nationalists Meets in Warsaw

93EP0115A Warsaw RZECZPOSPOLITA
in Polish 7 Dec 92 p 2

[Article by E.K.: "The Nationalists—An Attempt To Unify"]

[Text] The formation of the Council of the Sejm of the National Movement ended a two-day congress of the nationalist organization called the Sejm of the National Movement, which was held in Warsaw on 5 and 6 December 1992. Marian Baranski, head of the Szczecinek National Party, was chosen chairman of the council, which includes 44 individuals from the seven nationalist organizations represented at the congress. Members, supporters, and the leadership of all 27 nationalist organizations in Poland were invited to the congress. Of the nine largest ones, only the members of Szczecinek participated in the deliberations; neither the Christian National Union (ZChN), nor the Senioralne National Party (SN) of Maciej Giertych, nor the National Democratic Party (SND) of Jan Zamoyski participated.

The council took on two tasks: intensive talks to unify all the national groups, chiefly with the largest Senioralne National Party (SN) and to build a strong structure and energetically to go everywhere the central issues of the nation are—demonstrations, strikes, and so forth.

The deliberations of the congress were guarded by a group of skinheads with white and red bands on their shoulders armed with baseball bats. They are members of the Szczecinek Nationalist Party. The organizers of the congress feared an attack by groups of the Anarchistic Intercity (MA) and the Polish Socialist Party (PPS). Przemyslaw Gorny, the chair of the Unification Commission, said the skinheads are patriotic youth, and calling them fascists is wronging them.

"Why doesn't anyone say that the young men in the hall during mass kneeled and received Holy Communion," Gorny asks. "I feel like one of the skinheads."

In Gorny's opinion, the skinheads are the supports of the nationalist movement throughout Europe—England, France, Germany, Italy. And in Poland. Their violent behavior and use of physical force, as a final argument, is explained by their youth. Only two nations on earth have had closely shaved heads—Japanese samurai and the Polish nobility, and he thinks that it is better if the nationalists have such hair cuts than if they had to dip long hair into narcotics.

"They are jealous of our young people, and thus the attacks," he continues. "The publish the magazine SKINHEAD—SARMATA; they defended the congress of the Polish right organized by Korwin-Mikke in 1990. Thus they are trained and today they are protecting the congress. Thanks to them, no one has attacked us. We will not give up these young people."

The congress was held in the building of the Union of Polish Teachers.

There is no agreement among the nationalists and it does not appear that it will come soon. The unification congress drew the least interest from the groups working in the parliament; the National-Democratic Party (SND) sent no representatives, and the ZChN described the congress as a laughable history; Maciej Giertych, the leader of the Nationalist Party (SN), which is not in parliament, gave the congress no chance. The members of the groups outside of parliament, who accuse each other of betraying the interests of the nation, being agents, working for the communists, or of being Jewish, are in conflict.

Some of the participants in the Saturday and Sunday congress gave the impression of frustrated people without hope, looking for the best place for themselves. They are ideologues, and they are convinced they are right. One of the organizers of the congress has no doubts that soon one National Party will be formed to continue the political thought of Roman Dmowski and as a party with 100,000 members will be in parliament with several dozen seats.

A disillusioned farmer-nationalist, who left the deliberations on the first day said:

"They were to tell us who is the real enemy and they argue like all get out. I did not know against whom we are to unite, and I still do not know."

Polish-Muslim Tartar Community Profiled

93EP0108A Warsaw SPOTKANIA in Polish
No 45, 5-11 Nov 92 pp 42-43

[Article by Andrzej Drozd: "A Darkened Half-Moon"]

[Text] The Imam dressed in a black cassock—juba and red and white fez on his head—having turned toward holy Mecca, intones: *Allahu Ekber!* (God is great!). These words were picked up by the men sitting on the rugs spread out on the floor, their faces directed to the southeast, as the prophet commanded. Then they ask the Merciful and Forgiving to "lead those to a straight path whom he has given favor, not those at whom he angry and who wander." Three times they place their palms to the sides of their faces as a sign that their ears are sealed and that they are alone with God. In the Gdansk, in a mosque, barely a few street from the famous Oliwa Cathedral, the Muslims are beginning the Holy Day of Sacrifice—Kurban Bajram.

The Tri-City has one of the largest communities of Muslims in Poland today other than the Bialystok region, about 300 persons. There are smaller communities in Warsaw and in Gorzow Wielkopolski. The 5,000 Tartars, although they live in larger groups in the Podlasie region, have been dispersed for centuries.

The Tartars began to settle on Polish lands in the 14th century. Equal to the nobility, they received land grants, serfs, the right to build mosques, and other privileges in exchange for the duty to serve in the cavalry. Besides military service, they also served as diplomats and couriers. During the interwar period, chiefly in the Wilno and Nowo Grod Voivodships, they inhabited whole villages and town sections. The change of borders in 1945 caused a deep shock. The majority of the holy sites were beyond the eastern boundary; only two of 17 remained, in Bohoniki and Kruszyniany. The faithful who reached Poland lived dispersed for years. It appeared the history of Polish Islam was coming to an end.

For more than a dozen years, Polish Tartars have settled gladly in Bialystok and its environs. Podlasie is the last traditional place of Tartar colonization that remained within the postwar boundaries. They also are the last remnant of the old Eastern lands with their unrepeatable phenomenon of cultural symbiosis. "What's the difference: Tatar, Orthodox, Catholic—God is one," respond elderly women in Kruszyniany, white Russians, who have just met in the yard of neighbor, an old Tatar, Poplawski. He sits in a wheelchair; he has no farm, but with his wife he takes care of the mosque and shows tourists around. The village has nearly 200 houses, but only one in three is inhabited. The young are leaving for the city. Besides the Poplawskis, there is one other Tartar family here, the Chaleckis; the majority is Orthodox. In Bohoniki 20 kilometers away where Catholics predominate things are different. Seven farms, however, belong to Tartars. They differ in no way from their neighbors. Besides land, they have a few cows, sheep, chickens, and horses, which at one time they were famous for raising. The poor, monotonous life of the old Tartar provinces come to life on the holy days. Hundreds of the followers of the prophet come from all over Poland; they hold services, visit the graves of relatives in the mizar. This year, Kurban Bajram in Bohoniki was unusually rich. Four bulls and six sheep were sacrificed. After the ceremony, the meat of the animals is distributed among the faithful. The local mosque is also full during monthly Friday prayers. The Tartars from Sokolka, where there are nearly 50 families, are the closest, only 6 kilometers. Further away are Krynki, Suchowola, and other towns.

One speaks of the "darkened Islam" of the Polish faithful. The voice of the Imam calling people to prayers does not resound from the minarets, the inseparable attribute of oriental cities. A Polish Tartar no longer say his prayers five times a day. Fasting is seldom observed during Ramadan. Few can afford a pilgrimage to Mecca; the commandment to do good deeds, *zakat*, is limited to giving out *sadogi*—sweets after prayers. The faithful

meet for prayers at the mosque only once a month. The Arabic language which is used during prayers sounds Byelorussian; similarly mosques in the Eastern regions resemble wooden Catholic or Orthodox churches. Nevertheless, Islam is the basis of the Tartars' ethnic separateness. The lack of educated Imams, however, is a serious problem. Our Muslims belong to the Sunni in which there is no separate spiritual order, and the faithful choose the Imams from among themselves. In Poland there are only four Imams. Thanks to the help of Muslims from abroad several candidates could take theological studies in France and in Sarajevo.

All the Polish parishes, there are six of them, are part of the Muslim Religious Union. It has an autocephalic status, i.e., it is independent of foreign centers of Islam. It is directed by a collegium of nine individuals settling organizational and doctrinal issues. Recently, a Shiite Society of Muslim Unity (opposed to the Sunnis, including the Tartars), a Society of Muslim Brothers, and a Sufi Order have been registered. These are organizations of Poles, not Tartars, who have converted to Islam. The source of such decisions, other than a fascination with Islam, is frequently a desire to achieve material benefits.

"We are pan-Islamic, but also Polish patriots," declares Dr. Selim Chazbijewicz, a Gdansk writer, deputy president of the Union of Polish Tartars. "We take up in this way the idea of Polish-Muslim cooperation dating from the Confederacy of the Bar. If the authorities showed interested, we could play an important role as intermediary between Poland and the countries of Islam. Representatives of the Tartars, Turkmens, Uzbeks have come to us. They are looking toward Poland, they count on establishing cooperation. For Poland, that would be beneficial both politically and economically. Poland should serve as an intermediary between the West and these countries." "That would have an influence on attracting Arab capital, especially from Saudi Arabia and from the United Arab Emirates." The Party of Islam, which will soon appear on the Polish political scene, is to serve this purpose.

[Box, p 43]

Mizar, a Muslim cemetery. In Poland the largest ones are in Bohoniki and in Kruszyń. There is one also in Powązki in Warsaw and in Gdansk (Srebrzysko).

[Box, p 43]

Today there are tens of millions of Tartars. The largest number (about 20 million) lives on the Volga between Kuybyshev and Astrakhan. Siberian Tartars live in southwestern Siberia, from the Urals to Baykal. Crimean Tartars are estimated at more than 4 million, of which there are barely 200,000 in the Crimea; about 3 million live abroad, primarily in Turkey. But also in the United States, where they have their lobby in Congress. The last group of 25,000 Tartars lives closest to us on the lands of

the old Republic: 8,000 in Lithuania, 12,000 in Byelorussia, and finally in Poland 5,000. Soon 600 years will have passed since they settled here.

Constitutional Commission Chairman Profiled

93EP0109A Warsaw GAZETA WYBORCZA in Polish
13 Nov 92 p 11

[Article by Lidia Ostalowska: "The Intransigent White Dove: The White-Haired Lawyer With a Mild Face"]

[Text] *Once near the Sejm building a despairing woman shouted, "You are a murderer. No amnesty will apply to you." This senator, who will write the constitution, is against abortion. The Constitutional Committee elected him chairman.*

The new election aroused old passions. In a moment an avalanche of vituperation will fall on Walerian Piotrowski. But let us begin otherwise.

Hanna Jankowska of the Pro Femina Association: "He is a calm, nice, elderly gentleman."

Janina Witczak, the head of the senator's Zielona Gora office: "He never curses and never raises his voice. He notices every detail: A new skirt, a coral necklace, a new hairdo. He is very gallant! With him I feel like a woman!"

Anna Wolicka of "Neutrum": "Deputy Niesiolowski, while at a protest demonstration by opponents of the Antiabortion Law, hissed to a female friend of mine: 'Darling, bash that Urban' [Jerzy Urban, former press spokesman in communist times, now the editor of a satirical periodical]. The senator would never say that, because he is a polite person."

Deputy Danuta Waniek (Alliance of the Democratic Left): "We know Niesiolowski. He is a brute. Piotrowski has similar plans, but he conceals them behind the mask of gallantry."

Erect, in a gray suit, Piotrowski usually walks alone in the hallways of the parliament building. Sometimes he stops to exchange a word with Deputy Speaker Alicja Grzeskowiak, who is nicknamed, not to her face, the Holy Virgin of the Senate. His colleagues call him Plemniki ["The Sperm"]. "Plemniki is Always Right" was how POLITYKA headlined a report on a meeting between Walerian Piotrowski and women.

No one on Wiejska Street [the site of the parliament] is gossiping about the senator, because he provides no cause for gossip anyhow. He is irreproachable. He arises while the others are still snoring. He conscientiously reads all materials. He falls asleep with the lamp on and papers dropping from his hands. He always knows what the discussion is about and what he is voting for. He is immune to weaknesses, unlike Deputy Niesiolowski, who said, "We drank quite a few tumblers of cognac together, but Walerian never got tipsy. To me Senator Piotrowski is an example to emulate."

A study of attendance in the parliament revealed that this prolife senator never missed a session.

Konrad Stanglewicz of the Zielona Gora GAZETA NOWA used to be a member of the senator's electoral staff until 4 June [election day]. He had visited his home: "It was nice to be there. The host was pleasant, and so was his wife, who discreetly disappeared after serving coffee. Books. But how much can one finish reading? I wonder what he does in his spare time. I cannot imagine him putting in a garden or collecting postage stamps. He is a serious man, so principled as to be virtually devoid of a sense of humor."

At rallies Senator Piotrowski repeatedly spoke of the right to life. At times this took courage. He was a radical, demanding difficult choices, and so his audiences felt not too comfortable. "We advised him to quit talking on this subject, but he refused. He preferred to risk not being elected."

He also had taken risks as an attorney. Few people know what happened in Zielona Gora.

On Wielkopolski Square stands the Philharmonic Building. It used to be the Catholic Home, managed by a not-too-humble priest. The authorities claimed that the city lacked office and housing space. They designated a date for eviction. On Sunday at the mass the priest told the faithful about it.

On the day when the priest was to be evicted, women and youth congregated in front of the building. The militia came. Someone bent to pick up a paving stone—the square was paved with cobblestones. A fight ensued: Cars burst into flames and the building of the militia headquarters was damaged. Militia reserves were summoned from Gorzow and Poznan.

A total of 282 persons were arrested and 117 were sentenced to from several months to six years. The people in the city said, "One year for each cobblestone." The party newspaper wrote about traitors to Polish interests in the Western territories.

The traitors were defended *gratis* by Attorney Piotrowski.

Twenty years later he helped the Swiebodzin Solidarity by defending it before a military court.

He was not an adviser to Solidarity. He preferred to stay aloof. He was a member of the Synodal Council, and he helped the parish and founded the local Club of the Catholic Intelligentsia: He always cooperated with the clergy.

The Reverend Konrad Herman of the Church of the Redeemer, a clergyman who is popular even with the Zielona Gora freethinkers, provided a highly flattering testimony about the senator. "He is a man of rectitude. I value him for his loyalty to principles, for his sincerity, and—please listen carefully—for this tolerance. He is tolerant toward other nationalities and creeds."

It had been said that Piotrowski would lose the next election and switch to a more Catholic electoral district, to Podhale. In Zielona Gora he is called Walerian Abortius and unpopular.

But he won the election.

The draft of the antiabortion law is a legacy of the "Regime" Ninth Sejm. Its authors demanded three to five years of imprisonment for both the woman who aborts her fetus and the physician who helps her therein. In April 1990 Professor Andrzej Stelmachowski presented to Senate committees a different document—laconic and providing for no penalties. The discussion continued. It was decided that a special team would consider this issue. Walerian Piotrowski became its chairman. In July, with the senator's participation, a new draft was prepared. Physicians who assist in abortions were to be punished with three years in prison, but the women themselves were to be left unpunished. The Senate adopted this draft. "I was for open balloting," said Walerian Piotrowski. Senator Celinski commented to GAZETA, "The point was to make public who is 'an honest Pole' and who is not."

In September 1990 ZYCIE WARSZAWY published an interview with Walerian Piotrowski under the title "Thou Shalt Not Kill!"

When asked whether abortion is murder in every individual case, he answered, "Those are very strong words, but it is difficult to define abortion otherwise." Even in a case when the fetus threatens the mother's health? Yes. "After all, one person's life cannot be sacrificed to save the health of another." But what is the pregnancy is due to rape? What if the rapist has a venereal disease? "A husband also can have a venereal disease," and therefore, "this really cannot be of importance to the nature of the legal problem."

"You are a murderer. No amnesty will apply to you!" cried a woman who, it is said, had been told years ago by doctors that she had a chance to give birth to a healthy child but there was also a possibility that either she or the child might not remain alive.

Soon now, of a certainty in December, the Sejm will consider how to punish the offending women. As recently as two years ago Walerian Piotrowski promised, "Nobody is even thinking of putting women in jails."

This lawyer never raises his voice. He always smiles pleasantly and is a civilized man.

"I think that he aspires to perfection and wants the society to be perfect," said Senator Anna Bogucka-Skowronska, who has known Walerian Piotrowski for years. "He believes that evil should be eradicated from people. But I prefer fallible individuals."

There are a couple of feminists in the parliament who are trying to tear the mask of good manners off the senator. They tempt him, "Walerian, you make me feel hot," or, "Walerian, let's go and have a glass of vodka." Anna

Bogucka-Skowronska does not believe that such attempts will succeed. "Walerian is a dispassionate, colorless man. He will not sin. Sooner I will become a saint owing to lack of opportunities."

A colorless man—yet he has shown himself emotional and uttered things which will be remembered about him.

Anna Wolicka of "Neutrum" enumerates, "He said that not everything that is happening in Europe deserves emulation and that it is we who should provide an example to Europe. He said that sexual life should be confined within the framework of matrimony. He uttered no denial when it was insinuated in his presence that rape is due to provocative behavior of women. He claimed that fertilization in vitro is marginal and that he associated such experiments with Auschwitz."

The famous Swiss feminist Iris Rossing asked to meet with the senator. He asked her, "Why are not you fighting for the rights of unborn women?"

Hanna Jankowska of the Pro Femina Association is at times envious, "On our side there is no one like him, no one of such stainless rectitude."

A Zielona Gora singer named one of his cats Piotrowski and another Abortion. A witticism spread throughout Poland: "The best means of birth control is the Valerian drop." Many refused to believe that the antiabortion law would ever take effect.

Others believed it. They compared the senator to Hitler, Stalin, Ceaucescu. They wrote threatening letters, telephoned at night, and even threatened to burn the senator's home down. "But he uttered not a word of complaint," said the Rev. Konrad Herman.

It appears that a feeling of mission is part of his destiny.

Rebellious women compare the senator to "An intransigent white dove. He will order a person to be burned at the stake if he feels that this is necessary to save a sinful soul."

He is accused of loving luxury and of—a distinctive, to be sure—opportunism.

Although he has always leaned to the right, his political path was tortuous. According to Konrad Stanglewicz of GAZETA NOWA, when the PRON [Patriotic Movement for National Rebirth] was being formed during the martial-law era and prestigious local individuals were asked by the authorities to join it, he posed terms to them and did not join. On the other hand, he had been a member of the Municipal People's Council of Zielona Gora and, when Wojciech Jaruzelski appointed the Social Consultative Council, he became close to one of its members, Attorney Sila-Nowicki. Afterward he joined the Labor Party, but before the presidential elections he became linked to Center Accord. He ran for the Senate as an independent, on an improvised list of Christian democrats. He is now a member of the ZChN

[Christian National Union] Parliamentary Caucus, although he does not belong to the ZChN itself.

In the "*gruba kreska*" ["thick black line," an expression used by Mazowiecki to mean that the *nomenklatura* should not be penalized for having been procommunist] times, he declared in an interview that we are building a system of society based on truth and equality. "No one is refused participation in this cause," he stressed. "Everyone has the right to choose his own path to truth, and it may happen that he will switch to another path."

Last summer GAZETA NOWA published an open letter to Senator Piotrowski from well-known Gorzow judicial defenders, Jerzy Synowiec and Jerzy Wierchowicz.

The letter began with, "We are lawyers. Years ago, while we had been interns, you used to inculcate principles of ethics in us. You spoke a lot about the dignity of women." The letter ended with the words, "Today you support violations of law and shattering of human fates." The lawyers from Gorzow uncovered the senator's signature on the draft of a decommunization-lustration law [meaning a law penalizing all former communist party members and agents].

Three modest rooms in the Zielona Gora Voivodship Building contain the joint office of Walerian Piotrowski and Senator Jaroslaw Baranczak. Mrs. Janina, who has been office manager for Piotrowski's second term of office in a row, emphasized, "Not much was spent from the furniture fund. Not so long ago it was planned to replace the uneven flooring. But after the parliament charged Walerian Piotrowski with new duties in the Constitutional Committee, the senator changed his opinion, 'No luxuries.'"

In the city the senator is said to be a fox.

Foxy customs also reign in the parliament. It is said that Aleksander Hall's Polish Convention Party entered into an agreement with the ZChN Caucus and promised to support Piotrowski's candidacy. In return it was to get for itself the post of vice chairman. The agreement was successful only half-way: The post of vice chairman of the Constitutional Committee was given to a member of the Democratic Union.

Now the senator is receiving congratulations. Letters and telegrams are arriving. Mrs. Janina has no doubt that he will reply as usual, in cordial, flowery language, ending with the valediction, "Respectfully," or, "God bless."

Once Danuta Waniek cried from the tribune, "And yet it rotates" [allusion to Galileo's "Eppuro si muove"]. A ZChN deputy shouted back, "Galileo's hogwash!" To Deputy Waniek phrases like "Christian values" in the mouths of politicians denote aggression, hypocrisy, arrogance. "They profess a dogma, but one does not argue with a dogmatic."

In parliament Senator Piotrowski is considered a man who is skillful at bringing about a consensus. But Stefan Niesiolowski (ZChN) offered the reminder, "There are

Ten Commandments. We cannot abandon three for the sake of democratic compromises."

Anna Bogucka-Skowronska of the Democratic Union is perfectly aware of this. She fears that a constitution written under the direction of the senator will begin with the preamble, "In the name of the Almighty God...." What next? Truths of faith instead of law. Punishments to be declared for attempts at suicide, for homosexuality, for prostitution. And the omnipotence of the church, which will invade souls, beds, and books.

It is said that once already the senator exploited his powers as a committee chairman to get what he wanted. Disputes about house rules are only seemingly unimportant. A moment when few opponents are present in the committee room is favorable to ordering a vote. "I think that politicians are free to resort to such manipulations," Deputy Niesiolowski observed. "They do not violate the law."

Anyone can arise early, keep abreast of the floor debates, know what he is voting for, and fall asleep with the lamp on, like Walerian Piotrowski, with pages dropping from his hand.

The senator: The suit, the office, and the desk. A question—a smooth answer and a smile. A wall is separating us and the promised 10 minutes are over.

I lost.

Need for Military Doctrine To Be More Versatile

93EP0094A Warsaw POLSKA ZBROJNA
in Polish 30 Nov 92 p 4

[Article by Marian Anysz: "The Republic of Poland's Security Policy: It Must Not Remain Only on Paper"]

[Text] It is a good thing that after a nearly three-year discussion on the topic of a new concept of national defense in geopolitical circumstances changed by the fall of the Communist system, a document entitled "Principles of Polish Security Policy," which define the fundamental principles of our country's policy in the area of internal and external security, has been developed and been initialled by the President—as has been a document approved by the National Defense Committee which defines and develops those principles, and is entitled "the Security Policy and Defense Strategy of the Republic of Poland."

This fact certainly allows discussion to be directed to more concrete problems, in order to affect significantly the average citizen's understanding of the essence of our state's security policy and defense doctrine; at the same time, this discussion can serve to improve that policy.

This is the more true since, as Mr. Tadeusz Mitek affirms in his commentary entitled "Security Without Secrets" (POLSKA ZBROJNA No 225, 17 Nov 92): "The document is not the ultimate definition of national security policy, nor of our military doctrine." Personally, I am of

the opinion that there will never be, and can never be, an ultimate document. The dynamics of socio-political and economic change in our country, and of worldwide political and military changes, will not allow it, as they force us to analyze that policy constantly and make the necessary corrections and changes as a result.

Joining this discussion, I must admit at the outset that, despite serious study of the published documents, I do not feel qualified to attempt an evaluation of their substance. Therefore, I will limit my commentary to several observations and doubts raised in the course of my reading. And so: in my opinion, it is particularly worth noting the point that defense of the country is the key to Poland's right to exist; the strengthening of that defense is the responsibility of all citizens. The contents of these published documents which deal with the evaluation of the threats to our state; the state's direction and priorities both domestically and internationally; and the principles of strategic defense and of the development of the armed forces, should be the main element of the national defense system.

However, it is disturbing that many quite correct conclusions and tasks which emerge from these documents are not being carried out in practice. Moreover, certain formulations arouse justified doubts: for example, the appraisal that one of the main brakes on progress is the "conscious opposition on the part of apologists of the old order," while one of the important factors guaranteeing that the recession is overcome and that Poland develops economically is universal privatization and the development of comprehensive cooperation with the West. I would say that emotions here won out over a detailed analysis of the situation in Poland—especially in the case of those "apologists of the old order." For I am convinced that it would be difficult to find "apologists of the old order," even among the still-living representatives of the old Party and state leadership. To count among such apologists the present political opposition like the Social Democracy of the Polish Republic, or other opposition parties, is quite out of place.

Universal privatization—as has been shown in practice so far, and in the opinion of many known and respected economists—cannot become a panacea for the resolution of all economic difficulties. This is, unfortunately, one of many myths which burden our economic situation, as Adam Schaff, whose knowledge and authority in Polish and worldwide science is universally recognized, writes at some length, and in an accessible and convincing way, in his book *Not That Way*.

Certainly, the development of economic cooperation with the West is an important task; however, one cannot neglect cooperation with the new states formed by the dissolution of the USSR. As the experience of many centuries has shown, the Eastern markets have always had, and will surely have in the future, great—if not preeminent, meaning for Poland.

The documents stress that the possession of "one's own defense capability is one of the attributes of our sovereignty," and that a domestic defense industry is a basic source for the supply of the armed forces. In practice, however, little is done to protect these capabilities—and especially those of the armaments industry, which has a strong tradition and unquestionable achievements to its credit—from the decline with which they are unfortunately threatened. The constant voicing of concern, protests, and strikes in this industry are proof of this. In my opinion, privatization in this industry, making it dependent on foreign capital, would be an inexcusable mistake.

The ministers and voivodes have an obligation to create and maintain an economic-defense infrastructure; this obligation is often not only underestimated, but frequently, for many reasons, not carried out. The situation is similar as far as the performance of constitutional duties to guarantee the population protection from catastrophic industrial threats, natural disasters, and the effects of future wartime actions.

In accordance with imposing on all citizens the obligation to strengthen the defense of the country, there arise quite concrete tasks: the appropriate preparation of all extra-military units, and the constant formation and popularization of a defense consciousness in society, especially among the youth. It is not by chance that in the document approved by the National Defense Committee, quoted at the outset, the necessity of organizing training "in the general national education system, in specialized centers, in regional units of state and local administration, and in work places," is mentioned.

In addition, the necessity of involving the mass media to these ends is emphasized. In practice, however (as far as I know), little is done in this area. The old system of defense education, which functioned until the end of 1989, was virtually eliminated (not without some justification), and a new one has not been drawn up nor implemented, for various reasons.

Thus, for example, state administration, local governments, and especially privatized work places (encumbered with numerous economic and workforce problems) do not deal with these issues at all, or occasionally carry out some activities upon direct orders from central authorities—for example, during organized (quite sporadically, by the way) exercises. They do not have current programs, adapted to modern requirements, for the defense training of their workforces, and do not organize such on their own initiative. Of course, I do not exclude a few exceptions, or positive, successful examples in this area.

The defense preparation of university youth has been eliminated, due to universal criticism and the memorable student strikes. Even due to the limited financial resources of the Ministry of National Defense [MON], there has been no call for the military training of the graduates of civilian higher education institutions—

despite the fact that the future reserve officers of various specialties are recruited chiefly from among these graduates.

The defense preparation of school youth has been limited to one hour weekly in high schools and basic vocational schools, only in the first two years of study. Moreover, officer positions in the WKOlW [most likely the Military Commission for Education and Training] were eliminated at the beginning of this year. This has had a negative effect on the organization and quality of defense training in schools. Nor do the disintegrated, constantly squabbling scouts organizations, and the youth organizations which are active here and there in skeletal form, undertake steps in the essential area of defense issues.

Due to the lack of subsidies and financial support from the MON, the activity of the Society for Military and Defense Knowledge, and of the disintegrated and squabbling veterans organizations has virtually ceased. Nor does the reactivated youth organization "Strzelec" [Rifleman], which is still in the organizational stage, under the patronage of MON's Educational Department, mean a renaissance in this area of activity.

This is only some of the real-life examples which must and ought to disturb all to whom the matter of national defense, and the future of the Polish Republic's armed forces, is close to heart. For this reason, the composition and acceptance of documents which outline the chief principles of the country's defense policy and strategy should be recognized, despite their imperfections, as a milestone on the road leading to assurance of the country's security, and of the effective defense of its sovereignty and independence.

The next significant step will be, I believe, the transformation of these documents into concrete tasks for all units of state, local, and economic administration, and the creation of conditions for the complete and effective completion of those tasks. For as experience has shown, even the best and most accurate theoretical principles, if not put into practice, will not ensure us complete security, and will not protect the inviolability of our borders.

High Absentee Rate Among Reservists Noted

93EP0094B Warsaw ZYCIE WARSZAWY
in Polish 27 Nov 92 p 5

[Article by Zbigniew Zborowski and Pawel Fafara: "Sick Reserves: Every Third Officer Does Not Show Up for Exercises"]

[Text] Almost 40 percent of the officers and chief warrant officers, and 30 percent of the NCO's and soldiers, did not show up for exercises taking place at the base in Orysz. Nearly half of those called up presented medical excuses. In the opinion of their commanders, most of the excuses are false.

"The number of reservists participating in military exercises has been decreasing for several years," we heard from Major Mariusz Jedrzejko, spokesman for the Warsaw Military District. "This year, about 30 percent fewer came to terrain exercises than did last year. If this trend continues, in 1993 40 percent of the reservists might be missing on the bases."

In the opinion of military people, this significantly lowers battle effectiveness, especially in specialized units—communication, rocket, and antitank artillery units—that is, in those units in which soldiers should remind themselves every two or three years how to use complicated equipment.

Colonel Ryszard Buchta, commander of the 16th Mechanized Division, says that during the exercises in Orysz, infantry attack vehicles were manned by a crew of four people instead of 11. Soldiers did the work of absent colleagues, which lowered the effectiveness of subunits.

The daily pay of a reserve soldier participating in exercises is 77,000 zlotys; an officer receives 3.5 million zlotys for 21 days. "For many people who own or who are employed by private companies," Major Jedrzejko told us, "it doesn't pay to come to exercises. Such people are a significant portion of the absentees." Unemployed persons were 45 percent of the reserves who came to Orysz. For them, such exercises are a chance to supplement their soup-kitchen allowance. There are also exceptions: for example, the owner of a large computer firm in Suwalki showed up at exercises, though he will surely lose many millions during his absence from the firm. As often as businessmen, state officials do not show up for military exercises. Second to illness, they give trips abroad and difficult family situations as their reasons for absence.

Mirosław Boguta, Fines Councillor in Ochota, told us that "according to the statute changed this year, anyone evading military exercises faces a penalty ranging from three months to three years in jail, depending upon the length of time planned for the exercises. That penalty can be converted to a fine." According to Major Jedrzejko, the fine is most often amortized in practice, "in light of the low social harm of the committed act."

It does happen, however, that the director of a firm gives an employee the following choice: go to the base, but on unpaid leave, or arrange a "medical excuse" for the Ministry of National Defense, and work normally for me during that time.

In the opinion of officers of the Warsaw Military District, such a situation in caused by a lack of legal regulations concerning the principles of excusing people employed in private companies for military exercises.

The cost of the exercises on the base in Orysz came to 6 billion zlotys. Because of the high absentee rate among reservists, that sum was not spent effectively.

Dutch-Polish Transportation Cooperation Planned

93EP0112D Warsaw RZECZPOSPOLITA
(ECONOMY AND MARKET supplement) in Polish 2
Dec 92 p 1

[Article by Z.Z.: "Aviation and Maritime Agreements"]

[Text] A new air-traffic agreement will be negotiated between Poland and the Netherlands before the end of 1993. Furthermore, Poland will utilize the Dutch experience in administering the coastal and harbor areas, as well as in protecting the sea shore. This has been envisioned by agreements, signed in Warsaw on 1 December 1992, by Hanja Maij-Weggen, minister of transportation and public works of the Kingdom of Netherlands, and Zbigniew Jaworski, the Polish minister of transportation and maritime economy.

The first of the agreements, pertaining to civil aviation, establishes a basic framework for the development of air traffic between the two countries and a gradual liberalization in that realm, in accordance with the EC regulations. Beginning next year, both LOT [Polish Airlines] and KLM will be able to increase their flight frequency on the basis of mutual agreements. Therefore, the above-mentioned new air traffic agreement will take into account the new circumstances in which both national air carriers operate.

The second agreement paves the way for the establishment of a joint commission, which will submit concrete topics to be worked out by specialists from both countries. It is expected that Poland will utilize the Dutch experiences related to the protection of the sea shore, dredging technology, and water pollution.

Hanja Maij-Weggen has had an opportunity to get directly acquainted with the problems of the Polish maritime economy. On Tuesday [1 December], she visited Gdansk, where she was presented, among other things, the conclusions of a report on the sea ports financed by the Dutch Government. In addition, she expressed her interest in the possibility of establishing an airline connection between Gdansk and Amsterdam.

Long-Term Economic Prospects Analyzed

93EP0112A Warsaw RZECZPOSPOLITA (ECONOMY
AND MARKET supplement) in Polish 1 Dec 92 p 1

[Article by D.W.: "In Twenty-Odd Years, If All Goes Well"]

[Text] At the first session of the Consultative Group Poland—EC, at which macroeconomic problems were discussed, the Polish delegation prepared a prospectus of Poland's development until the year 2005. The Polish reviewers evaluated this prospectus as too optimistic, whereas the EC representatives found it too pessimistic.

A.B.Czyzewski, Witold M. Orlowski, and L. Zienkowski—the authors of the prospectus—attempted to predict what the Polish economy could accomplish in

favorable circumstances. One of these conditions is Poland's uninterrupted integration with the EC, which will have a fundamental impact on Poland's economic results.

The authors of the report stipulate that the following preconditions have to be met if their scenario is to be successful:

- Poland's easy access to foreign markets so as to facilitate a 6-percent-a-year increase of exports;
- a significant flow of foreign capital to Poland, comparable with that which Spain received after it had liberalized its economy and integrated it with the EC;
- a 50-percent debt reduction by the London and Paris Clubs;
- an easy transfer of technologies;
- microeconomic transformations, related to privatization and restructuring of the public sector.

The authors of the prospectus assume that if the above conditions are met, Poland could register the approximate yearly growth in the following areas in the period 1993-2005:

- Individual consumption—by 4.4 percent;
- Public consumption—by 3.3 percent;
- Capital expenditures on durable means—by 8 percent;
- Reserves of investment goods—by 0.9 percent;
- Industrial output—by 5.7 percent;
- Construction industry output—by 5.4 percent;
- Agricultural output—by 2.6 percent;
- Service sector output—by 7.1 percent;
- Output of the other branches of economy—by 3 percent.

It is also expected that the size of the work force employed in Polish agriculture will decrease from the current 15.7 percent to 5.9 percent in 2005. By the same date, the employees of the service sector will constitute 48.1 percent of Poland's work force. On the other hand, the value of capital expenditures on durable goods may rise to as much as 30 percent of the GDP. In turn, the real growth of GDP, as well as the gradual growth of the value of the zloty may lead to an increase of per-capita income to \$5,500-7,000 (in the dollar value as of 1991).

Thus, even the most optimistic prognoses suggest that Poland's leading economic indicators will lag far behind those of the EC in the year 2005. However, there is a chance that in the beginning of the next century Poland will get closer to the poorest countries of the "Twelve." As a result, the process of Poland's eventual joining in the EC structures will be very costly. The authors of the report write that we should start thinking already today how to limit these costs. One way to accomplish that goal is to modify the Common Agricultural Policy (PAC) so as to reduce funds slated for the restructuring of Polish agriculture, as well as to match the regional funds with Poland's needs and the EC's financial capabilities.

An analysis of the optimistic scenario leads to the following conclusions—if Poland (or any other country of the "Visegrad Triangle") becomes an EC member in the year 2000, it will be quite costly for the EC. In the year 2005 Poland will still be eligible to receive funds for the economically undeveloped areas. But the decision in that matter will have to be political, not an economic one, just as it was in the case of Spain and Portugal in the early 1980's. The best moment to make this decision will be in the year 2000. By that time, the EFTA countries will have joined the EC, while the EC's financial capabilities will have improved significantly.

KIG Head on Need To Change Budget Philosophy

93EP0089C Warsaw RYNKI ZAGRANICZNE
in Polish No 138, 17 Nov 92 pp 1-2

[Interview with Kazimierz Pazgan, acting chairman of the National Chamber of Commerce, by Andrzej Zielinski; place and date not given: "We Propose a Change in the Philosophy of Economic Policy"]

[Text] [Zielinski] The reform of the Polish economy finds itself in a place that requires a radical move next. In what direction should it move in order to hasten the recently slowed rate of change?

[Pazgan] Investments are the driving force of every economy. But, I add, investments very broadly understood. Investments should be made in modernizing industry, in transportation routes, in the health service, in agriculture and the like, although we also should make it possible for every citizen to invest according to his own needs.

[Zielinski] But that takes money, money, and still more money. Meanwhile, the state budget is in a condition of near collapse.

[Pazgan] For that is the direction in which it has pointed itself. It is now high time we broke from the past formula of generating this budget. Moreover, the entrepreneurs who make up the National Chamber of Commerce [KIG] have demanded this for a long time. We pointed out, and we continue to point out, that it is possible to reach a balanced budget in another way, by aiming toward initiative, toward the natural aspirations of every person to improve his living conditions.

But whence are we to derive the funds for this? They are found in the income tax which is paid by every legal and physical person and in the obligatory ZUS [Social Security Agency] deduction. If those who earn these monies could decide about these funds, which are now absorbed by the budget and which are, with difficulty, divided among those who need them primarily for food (assuming that these monies must be invested) we would immediately observe a clear revitalization of the economy.

Let me give an example. A citizen receives a full salary and must himself make his ZUS contribution, his contribution for health insurance or a contribution to a similar institution. The remainder would be designated for his greater or lesser needs, for building a house, for repairing his house, for studying foreign languages (for that is also an investment in his development), for his children's schooling, or for buying stock. Please keep in mind that this is nearly 70 percent of his earnings per month. In this way, our average citizen would call forth market demand, thereby stimulating the needed production, he would create new jobs and this in turn would encourage competition.

State and private firms which are obliged to pay an income tax of, let us say, 50 percent, would invest in their own development and in the development of the proximate surroundings—the town, the gmina, environmental protection, culture, education. In this way they would, as it were, relieve the state from a portion of its obligations.

Of course, such action would leave the state budget lower in absolute figures, but at the same time the level of budgetary outlays would be lower.

[Zielinski] Please allow me to interrupt. Is this not just another "miracle cure"?

[Pazgan] It is true that the number of "miracle cures" has multiplied ad infinitum recently. Our solution differs from others in that it is a proposal presented by practitioners, people who must implement what the government and Sejm propose. Even with enormous good will, both of these institutions are not in a position to use their knowledge to the degree that we are able. Our members have the advantage that they can generate proposals which are not ideological fantasies, but which hold fast to realities. And I say to those who like to make use of foreign examples that the United States and Germany revitalized their economies in the same way. As is evidenced by the positive results.

In general, it is not a question of making taxes higher or lower but of whence to draw them, how to generate them and how to earmark them, a question of creating a system for revitalizing the economy.

[Zielinski] Both you and the KIG are finding much opposition to this system. The system is at odds with the former philosophy of national development.

[Pazgan] I agree that it is. It is in conflict with the entire prewar period. Yes, these are two philosophies for the economic development of a country. One is based on the fact that a given country borrows from abroad and, using these funds, it somehow restructures its economy. But that does not provide the citizen with any developmental mechanisms. It leads in a straight line to colonialism.

Then there is another philosophy which says that we produce as many products as possible in our country, we produce them cheaply in order to sell them abroad, and

we invest the funds we obtain in our country. In other words, we do not borrow dollars, for example, but we earn them. The KIG favors the second solution.

[Zielinski] But in order to make money in this way we must change bank and taxation policy.

[Pazgan] Yes, we will never sell our products if price-creation factors are high. No one will buy an expensive item. These price-creation factors worldwide are credit, specifically, the interest on credit, and energy. If we adopt the second developmental philosophy, i.e., making money on our products, we must abandon the idea of the budget's making money on credit interest and on fuel. Then we shall produce much and sell much.

[Zielinski] Can you support this thesis with another example that shows that it is the more effective way?

[Pazgan] Of course. It is an example with which I am familiar as the head of Konspol. We have the largest base for the production of chickens in Europe. We have the component parts available for their production and labor is significantly cheaper than in other countries, but the Polish chicken is the most expensive in the world, for producers pay a high rate of interest. The Polish chicken costs almost \$2 at world prices of 50-80 cents. At that rate, who will buy chickens from us?

There is also another side to this problem. Processing. Processed Polish chicken products, at minimal profit for the producer, would be 40 percent more expensive than at present. That is why we do not carry them, for we obviously import them. Almost 70 percent of chickens for Polish processing come from abroad from the countries of the former Soviet Union, from Germany, Denmark, and from Hungary.

If we lowered the interest rate on credit to 10 percent, which is the predominant rate worldwide, then we would freely export our chickens and processed chicken products. Then we would earn dollars, and would not spend them on these purchases. Specifically, the state would make money.

The present economic policy simply aims at limiting export. Just look. The Germans are expanding the enormous industry, which soon will flood Central and Eastern Europe with products. But the investment credits do not carry interest and are awarded government subsidies. In a few years, who will win out in competition with them if we apply the current financial policy, if we do not create mechanisms making it possible for firms to develop, if we do not allow tax write-offs for investment outlays?

[Zielinski] We are already attempting to save ourselves with threshold tariffs. But this is a very short-term operation. It threatens retaliation and, moreover, it may not at all be a factor for stimulating production. I am afraid that this will only sanction the current, totally uncompetitive level of production. Do you not believe

that we must change the philosophy of our approach, not only to taxes, but also to other principles regulating the Polish economy?

[Pazgan] We propose changing the entire economic policy. This policy must be cohesive and logical. The economy operates on the principle of combined instruments and we cannot change only one of its segments. Of course, we cannot have one law for state firms, another for private firms, another for business and still another for firms operating with foreign capital. That leads nowhere. It leads to the kind of situation we have now in which, for example, someone is exempt from the tariff, someone else is exempt from taxes and the like. The law must be the same for all. That is why, for example, we were very critical of the pact on state enterprises which does not solve anything and merely sanctions certain methods of management, which have the socialized economy as their source.

Nor can we have a situation in which people who have paid into their retirement for years do not receive the pension they paid for but receive the pension the budget awards them. That does not make sense. There cannot be unjust laws for citizens.

[Zielinski] The fundamental argument in the matter of the state's regulation of the amount of pensions is the lack of money. Years of contributions fed the state budget in the past and there is nothing from which to pay these pensions?

[Pazgan] That is not it. Already now it is possible to pay these pensions in the amount due people out of the funds earmarked by the citizenry. A portion of the funds which flow into social security organizations should be invested by them in ventures which will offer a rapid turn-around. Then they will make money on the completed payments.

[Zielinski] How do you view the solution of the problems of education, culture and the health service?

[Pazgan] We propose that each firm obligatorily designate 10 percent of the income tax for these purposes for three to five years. That would enrich local budgets and, in cooperation with local self-governments, the most urgent needs would be met.

[Zielinski] In other words, the concept of economic development proposed by the KIG, to be succinct, prefers development and not consumption. What are these proposals' chances?

[Pazgan] We would like to bring them to the attention of the president, the prime minister, and the Sejm. We would like a discussion of them to be initiated, but a discussion of the whole package which we shall present in the Sejm on 18 November.

Let me only add that we do not propose any revolution. We studied examples from the world economy. We propose abandoning the "Polish route." We already reworked that route many times in the past and the results were always the same. There is no replacing the

basic economic rules. We must all be aware of them. We must proceed like those who get results if we are to compete on the world economy. For this reason, I propose that the voices of the practitioners be heard.

The KIG, on behalf of its members, will always favor those solutions that guarantee the development of the Polish economy. It is in that spirit that we have prepared our proposals.

Former Central Planning Chief on Financial Scene

93EP0095A Warsaw GAZETA BANKOWA in Polish
No 48, 29 Nov-5 Dec 92 p 15

[Interview with Jerzy Eysymontt, former chief of the Central Planning Administration, by Slawomir Lipinski; place and date not given: "Half-Way There"]

[Text] [Lipinski] First let us clear up a very basic point—are you now in the opposition or in the government coalition?

[Eysymontt] Indeed there has been a change in my political life. Five deputies in Center Accord (PC), called the liberal faction, decided to participate in the creation of a new parliamentary club together with the groupings that are now in the present government coalition, but our intentions are still the same: to create a strong parliamentary center-right, because its existence is basic to the stabilization of the state and the economy. We have not been able to do this within the framework of the PC.

[Lipinski] Your reply simply is not typical of a politician. Do you feel that you are more a politician, or an economist?

[Eysymontt] In fulfilling the function of minister in two successive governments, I became a politician, of necessity, but I never severed myself from the profession that I studied and I do not intend to desert economics.

[Lipinski] After such long experience in government work—considering our conditions—where do you place yourself in the main disputes of the Polish economists—closer to the monetarists, or closer to the interventionists?

[Eysymontt] These divisions often have a personal context and do not explain very much. If someone is engaged in the economy on the governmental level, then regardless of his academic views he must, first of all, be a pragmatist. I was and am a firm believer in the building of a modern capitalistic economy in Poland...

[Lipinski] But some people are talking about a "social market economy"...

[Eysymontt] Applying, in our conditions, a concept used in Germany, it should be remembered that in that country the mechanisms of a market economy were already established, along with the entire social structure that goes with it. We have to first build and consolidate

this system, while at the same time creating a social base. Throughout the world this base is now the middle class. Ignoring the disputes of sociologists as to the definition of this class, it can be said that we already have approximately two million small and medium entrepreneurs who form the core of this class.

[Lipinski] But more and more frequently we see disappointment in the direction that Polish private business is going. The public believes that we still do not have real entrepreneurs, only sharp dealers and speculators.

[Eysymontt] During the years when only a narrow enclave of so-called "private initiative" existed in the economy of real socialism, a peculiar type of entrepreneur arose—of necessity—one who operated on the fringes of the state economy. In order to survive he was forced to apply a rationality that deviated from that which was applied in a normal economy. In recent years, despite the systems changes that had been begun, there were various reasons, both economic as well as political, why the reluctance to invest in production on a larger scale remained, a reluctance that was conducive to treating business as a poker game. I was deeply involved in cybernetics in the past and maybe that is why I look at the process of the birth of a Polish class of entrepreneurs calmly, as I would look upon a natural phenomenon that has to be studied. We can either assist it or limit its negative effects, but we cannot be offended by it.

[Lipinski] Let us return to the basic dilemmas of the economy. Is it true that in the spring we had, as some people described it, an "Eysymontt plan," the only such comprehensive and cohesive economic plan for Poland?

[Eysymontt] I am opposed to such labeling. We already had the "Balcerowicz plan," and possibly because of this label the essence of the role which Leszek Balcerowicz played in economic policy, was lost. I signed an economic policy proposal at a time when the results of the stabilization program, implemented under his leadership, were already known.

There were incontrovertible positive results, but there were also negative results, for it could not be otherwise. After all, Balcerowicz could not work miracles. The recession appeared with greater intensity and persistence than had been—perhaps naively—envisaged at the beginning. But the transformations in the goods and services areas and the ownership structure of the economy proceeded more slowly.

I came to the conclusion that the time had come for state intervention, with emphasis on assistance for the creation of market institutions and a comprehensive restructuring of the private sector. This cannot be achieved by anti-inflation policy measures alone and a narrow path has to be sought between anti-inflation and anti-recession policy. It will also be necessary to go outside the time-frame fixed in annual budgetary laws. Hence the general outline of a program to the year 1994.

[Lipinski] Is this government not continuing this philosophy?

[Eysymontt] I accept the fact that Hanna Suchocka's government has had to face additional problems. In addition to the drought in agriculture, social protests have increased. Perhaps that is why it is looking for a panaceum in the form of the so-called "pact on an enterprise," assuming that by many multi-step negotiations it will obtain a consensus among the trade unions, the employers—which are weak in this country, and the government. I doubt that this will succeed because the unions, forced to cope with the frustration of a couple-million mass of workers in state industry, do not favor the implementation of the basic goal, which should be a quick and even brutal restructuring of this structure. Conducting a policy of endless negotiations with the unions may preserve the present state of affairs, delay restructuring and also delay such important programs as the universal privatization program.

[Lipinski] What do you mean by the word "brutal"?

[Eysymontt] Maybe it is the wrong word, because the point is that this operation has to be painful for some of the workers' circles, and the more slowly and less consistently it is conducted, the more it will cost. Obviously, I have no state of emergency in mind.

[Lipinski] But this is how we come to the question of government efficiency in relation to the economy. During your term as minister a great deal was said about the rebuilding of the economic center of authority, and in the past two years the matter of special powers for the government in the field of the economy keeps coming up. Who should exercise authority over the economy, and how?

[Eysymontt] I believe that it is a mistake for the government to halt the work on the rebuilding of the structure of the economic administration. The creation of one economic ministry would make it necessary to finally be done with the Polish ministry-branch structure built up over decades. We should also do away with the parent-organ institution, which is an anachronism, and ultimately put the State Treasury in order, the body responsible for managing the state's production assets, which for many years yet will be a very important factor. The current conduct of economic policy cannot be the domain of parliament—the largest role here must be played by the administration, equipped with a professional civil service, i.e., people who are not politically involved, who have a sense of stability, are well paid, and selected strictly on the basis of professionalism.

[Lipinski] Are you satisfied with the policy of the central bank?

[Eysymontt] I believe that the management of the National Bank of Poland (NBP) operates on the minimum-risk principle and this may generally be correct in relation to central banks on the whole, but not entirely in our conditions, because we must take greater risks—in

monetary policy also. The central bank should use its instruments more flexibly and exert an influence on the entire banking system so as to stimulate investment. The fact that even this year investments are declining is without question a serious threat.

[Lipinski] Many experts believe that it is precisely the significant reconstruction of the Polish banking system that is one of the more evident achievements of the past three years. Meanwhile, the party, which until recently regarded you as its leading economist, believes that one of the main misfortunes of our economy is the *nomenklatura* character of the banks. Do you share this view?

[Eysymontt] I am not one of those who misuses the *nomenklatura* concept, nor am I an expert in the field of banking. But I think that in the policy of the banks, in how they invested their credits, the personal connections that were formed in the old system indeed played a large role, and that is why they were often incompatible with the logic of the new system. This should gradually disappear as the financial market establishes itself and new banks are formed.

[Lipinski] It has been said recently that the government will have a much greater influence on bank policies. When you headed up the Economic Committee of the Council of Ministers did you also have such intentions?

[Eysymontt] The interests of the state in the financial sector are represented by the central bank. Of course the government can also implement the role of owner for the commercial state banks, but if it goes too far there is the danger that they will stop being banks and again become offices for the distribution of money. That would be a step backwards.

Different Banking System Structures Reviewed

93EP0089A Warsaw RZECZPOSPOLITA (ECONOMY AND MARKET supplement) in Polish 12 Nov 92 p 1

[Article by Pawel Jablonski: "Mixed Capital Banks: Private Banks for Private People"]

[Text] The Polish banking system is very diverse. In addition to the largest group of cooperative banks, a group which is very weak in terms of capital, we have more than 80 stock company banks. This group likewise is very diverse; on the one hand, we have the group of the largest banks which have already been in existence for at least several years or which became separate from the NBP [Polish National Bank] in 1989, and on the other hand, the group of approximately 70 new banks which arose after 1989.

The banks belonging to the first group have prime capital amounting from 746 billion zlotys [Z] to Z4.67 billion. Except for the recently privatized Export Development Bank [BRE], these are controlled by the State Treasury. The second group of banks is significantly weaker in terms of capital, with the exception of the unusually large state Polish Development Bank [PBR]. The largest of

this second group, the Credit Bank [KB], has Z277 billion in prime funds. Usually the banks from this group are called private banks, although their stockholders often include state firms, self-government agencies and even the State Treasury. For this reason, sometimes the concept of "stock company, mixed capital banks" is applied to these banks. The section of the Union of Polish Banks [ZBP], which groups together these banks, has such a name. On Thursday, 12 November, the fourth meeting of the presidents of these banks, organized by the ZBP and by the Economic Initiatives Bank, will take place.

The new private banks, which have been in existence for three years at most, have many weak points. Some of these weak points, such as low prime funds, result from the fact that their activity has been too short or that they have a weak capital base. Other weak points are the result of legal "discrimination." The loud reminder that these banks do not have State Treasury guarantees for their accumulated savings has caused many people to prefer taking their money to a state bank, even if it offers a lower percentage rate. The lack of guarantees means that banks have a considerably longer path to regain unpaid credits. Documents attesting to the enforcibility of the claims of banks which have State Treasury guarantees require judicial confirmation. Except for the BRE, private banks do not have that right; thus, when they want to enforce payment of their unpaid debts, they must embark upon the expensive, lengthy judicial route. According to Stanislaw Pacuk, chairman of the board of the KB, the matter is further complicated by the position of some institutions which blame the banks themselves for the fact that clients are not paying their credit debts.

The negative opinions frequently expressed about the Polish banking system do not help the atmosphere surrounding banks. Chairman Pacuk believes that in this situation, private banks are not achieving much in the battle. They could make a difference if they agreed to be represented jointly by the ZBP, which should represent their interests. Private banks should likewise join together against dishonest clients. The obligatory exchange of information via the ZBP about debtors who are not credit-worthy should serve this end.

The small new banks called private banks differ from large banks not only in the volume of prime capital. A paper given by Dr. Piotr Boguszewski at a seminar in Stara Wies attested to the expansivity of small banks. In June 1992, they held approximately 14 percent of the credit market. This represents a 13-percent increase compared with the situation a year before. This growth took place primarily at the expense of large banks. Average-size banks, on the other hand, practically maintained their share. The new banks more readily grant credit. Fifty-six percent of the credit granted was obtained by clients who were known less than three months. In large banks, this percentage was less than 14 percent.

Small banks have a different credit structure. In these banks, short-term credit dominates for 87 percent of the population, while in large banks it dominates for 80 percent of the population. Likewise, the designation of this credit differs. In small banks, credit was earmarked for trade activity (36.3 percent), although, just as with large banks, credit was primarily granted for production activity (41.6 percent). In large banks, up to 61.5 percent of short-term credit was earmarked for production activity. Large banks also granted credit more often for export production. The lower share of investment credit in credit activity is, in the assessment of small banks, the result of the moderate interest in such credit. In large banks, this reason was given half as often. Considering that small banks specialize in servicing private enterprises (more than 53 percent of credit activity, and more than 11 percent for state banks), this may mean that this sector manifests less interest in long-term credit. It is interesting that according to Dr. Boguszewski's research, large banks more often have problems with debt recovery. Sixty-four percent of them claimed that they have serious problems with this. Among small banks, only 37 percent claimed the existence of serious problems with debt recovery. On the other hand, in the brief period of their existence, small banks "have worked up" the same credit portfolio structure as large banks. In both groups, the share of banks with a high percentage of assets "in an irregular situation" amounts to approximately 16-18 percent. At the same time, extreme situations (in which the share of such assets exceeds 30 percent) occur exclusively in the group of the smallest banks which have a share on the credit market which does not exceed 0.01 percent. This group includes even banks in which the assets "in an irregular situation" exceed 76 percent. Considering the period of operation of these banks, it seems that the prognoses for many of them are not overly optimistic. This is confirmed by reports submitted by Hanna Gronkiewicz-Waltz, chairperson of the NBP, that six banks have negative net prime funds.

Rising Oil Transport Costs Hurt Consumers

93EP0112B Warsaw *RZECZPOSPOLITA (ECONOMY AND MARKET supplement)* in Polish 1 Dec 92 p 1

[Article by D.W.: "Trailing the Gasoline Distributors"]

[Text] The Petroleum Industry Center [CPN] has justified its fuel price increases by the fact that the currency exchange rates have risen in Poland as well. The fuel imports were said to become less profitable because the importers had to pay high taxes and customs fees.

Representatives of Ciech-Petroimpex—the largest fuel importer in Poland—informed us that in this situation, fuel import ceased to be profitable altogether. The fact that the price of oil itself has decreased on the Polish commodity exchange is irrelevant because the cost of oil transport and other related costs are going up. Furthermore, the prices of gasoline increase constantly on the exchange, which is always the case before winter. As we

were told by Ciech, many importers gave up their import quotas and there was a danger of yet another oil shortage.

The Finnish consortium Neste, which is one of the importers who do not pay customs fees (due to the free trade agreement between Finland and Poland, which will be in force for a while), has decided as well to raise the prices of fuel sold at its only station. It is understandable in case of diesel and the 94-octane gas, since Neste buys these from CPN. The consortium does not even produce the 94-octane gas. However, it has raised the prices of the 98-octane gas and the lead-free gas just as the CPN has—by 300 zlotys [Z] a liter, except that the Neste's lead-free gas is cheaper by Z50 (it costs Z7,850 a liter).

An employee of the Neste's sales department told RZECZPOSPOLITA: "We could not keep selling gas at the old prices because the CPN would have accused us of dumping practices. In a way, we were forced to raise prices. We learned about it from the TV evening news on Saturday." Still, he admitted that the price increase made his company's imports much more profitable.

At a Poznan gas station, owned mostly by ESSO, the price of diesel fuel jumped by Z350 a liter, that is by Z50 more than in other places, while the prices of other types of fuel rose by Z300 a liter. However, the citizens of Poznan claim that the ESSO station is the most expensive in town and the natives try to ignore it. Most of its customers are foreigners who recognize the company's logo, and for whom the gas sold there—while being the most expensive in Poland—is still cheaper than anywhere in the West.

Capacity To Import Oil by Sea Expanded

93EP0089B Warsaw *RZECZPOSPOLITA (ECONOMY AND MARKET supplement)* in Polish 14-15 Nov 92 p 1

[Article by DW: "The New Wharf Is in Full Swing: We Are Oil-Independent"]

[Text] For the first time since the opening last week of the Naftopol wharf, two tankers stood side by side—the Star Windsor and the Sea Brighel. Each had transported to Poland 100,000 metric tons of crude oil, which will be processed at the Plock Refinery. Just a few days before this could not have been done.

The capital spending project was initiated on 10 July 1991 and it was completed at the end of October 1992. The opening ceremony was held on 5 November on the Norwegian tanker Adarita. The government showed little interest; government representatives included Zbigniew Sulatycki, under secretary of state in the Ministry of Transport and Maritime Economy. Church authorities, however, understood the importance of the project. Tadeusz Gocłowski, bishop ordinary of the Gdansk Diocese, dedicated the new wharf.

The new wharf is a joint investment of the Plock Refinery, the Gdansk Refinery, the Marine Trade Port, PERM, the CPN [Petroleum Products Center], the PZM

[Polish Marine Shipping] and CIECH [Import-Export Center for Chemicals and Chemical Equipment]. Thus, the wharf came into existence using a 100-percent share of Polish capital. So we are in a position to import 16 million tons of crude oil per year. As is known, our current export is a little in excess of 11 million tons, of which five million tons is pumped via the pipeline from Russia.

No one with any common sense in Poland plans to abandon the traditional means of crude oil supply from Russia. The transportation via this route is the cheapest, for it is based on funneling the crude oil into the pipeline. However, already 17 years ago, the ideators of the Gdansk investment wanted to diversify the sources of our supply through this energy carrier. That was difficult to execute in a situation whereby it was possible to import only 8 million tons of crude through the Northern Port with the maximum utilization of existing equipment. Moreover, our requirement even five years ago was 13 million tons. This maximum utilization meant that there would be no free wharf for the import of chemical products from Poland.

This year we are importing 5 million tons from Russia, 3.2 million tons from Iran, and 3.3 million tons from the North Sea. Next year these proportions will shape up differently. While the import volume from Russia will continue at the same rate, the volume of import from Iran will increase to 3.5 million tons and we will import 4 million tons from the North Sea. Both this year and next year, Polish oil output is estimated at approximately 0.5 million tons of crude.

If we compare these amounts with the transshipping capabilities of Naftopol, we see clearly that open capabilities remain. These may be used, however, to supply crude oil to refineries in eastern Germany which to date have been dependent almost exclusively on Russian crude. Germany experienced what this dependence means last year when the Russians had difficulties with their crude output and temporarily suspended export. Since, from the new wharf, the pipeline also leads to the Gdansk Refinery, as well as to the Plock Refinery, where it connects with the Friendship Pipeline for importers from the lands of the former GDR, a new supply capability has opened up. For us that is an opportunity for added sources of income.

Low Land Prices Fail To Attract Buyers

93EP0112C Warsaw RZECZPOSPOLITA
(EVERYDAY LAW supplement) in Polish 1 Dec 92 p II

[Article by Lech Ostrowski, professor at the Institute of Agricultural Economics and the Food Industry: "Bargain Acres"]

[Text] One can buy one hectare of land in Poland for as little as two or three million zlotys [Z]. Most often, to be sure, it would be a poor quality land, located in the northern and western voivodships. Still, despite such low prices, there are not enough buyers. The land market has

been spoiled by a faulty economic policy. What is worse, no change seems to be in the making. The authorities are aware of this situation, but despite their efforts, no improvement is in sight.

Prices Down—No Surprise

The price of land in Poland has always been four to five times lower than in the West. The current decrease of land prices has resulted from the generally poor situation of Polish agriculture. It has also been affected by the considerable amount of land at the disposal of the State Land Fund [PFZ], which held 770,000 hectares in the period 1990-91. Between 80 and 85 percent of that land was either leased or directly administered by PFZ, while the remaining 10-15 percent was sold to farmers and public sector enterprises. The meager profits from farming, as well as the oversupply of state-owned land, which one could lease or buy for a price three to four times lower than that offered by the individual farmers, have not driven the land prices high.

Even the lifting of all restrictions on land sales after 1989 did not affect the demand for land significantly. To be sure, the number of individual land purchases between farmers increased by 44 percent in the period 1990-91. However, in the same period the purchases of land by farmers from the state decreased by 30 percent. These developments in the land market did not augur well, the more so that the real income in the countryside fell by 50 percent in 1990 and by almost 25 percent in 1991. Only one third of the farms managed to make enough profit to further invest in their production.

It was at that difficult juncture when the privatization of PGR's [State Farms] began. This giant conglomerate, which controlled 3.5 million hectares of land and was enormously in the red (Z22 billion worth of debt in 1991), should be cut to pieces. There is no question about it from the political point of view. What is questionable, however, is the timing of this process and the methods which should be used to transform PGR's into modern, effective private farms.

This is a separate problem altogether, but from the point of view of the land market, two issues are important in this example. First, PGR's undergoing privatization are located in voivodships which already have a large supply of land at the disposal of PFZ. Second, the pace of privatization of those farms is too swift, whether they are being sold, leased, or taken under guardianship.

There are no rational methods to take over the land from the Agency for Farm Property [state treasury component handling PGR's] and quickly bring it under the plough. The Agency itself is on the verge of bankruptcy. Offers to sell the land property to investors from London and Paris are not helpful at all. Besides, one does not need to explain what this would do to the land market in Poland. In the meanwhile, some people want to divide PGR's and establish family farms, while others try to spare Poland from another land reform. This does not change the fact that one can buy a hectare of land in Poland for

an equivalent of an average monthly salary, which is pretty low. Sure, it cannot happen in the central voivodships, but certainly in the Suwalki, Pila, or Zielona Gora voivodships.

Quality, Location—Key Factors

An average price of one hectare of arable land traded between farmers was Z12 million in the first half of 1992, and was higher by one third than in 1991. This means that the land prices continue to be low—although the nominal value of land has risen, it has only kept pace with inflation. The prices of the high quality arable land (the first and second class) have risen from Z10 to Z16 million per hectare (by 60 percent), while the prices of the medium quality land (the third and fourth class) have increased from Z9 to Z12 million per hectare (by 22 percent), compared with the prices of the poor quality land (the fifth and sixth class), which have risen from Z6 to Z7 million per hectare (16 percent). The amount of the good quality land offered for sale has been small,

especially in the central and southern voivodships, where farmers continue to be interested in the land purchases. The farmers do not buy the poor quality land because it does not bring any profit. If it is sold at all, it is for nonagricultural purposes, e.g., as plots for country houses, etc.

The prices of land have been further differentiated in the first half of 1992, depending on the location of the land. The prices of land located in voivodships where there is a limited supply and a large demand have been rising faster than in the rest in the country. This phenomenon is illustrated by the following data.

The prices of land in the first group of voivodships (large demand, small supply) have risen by almost 29 percent this year, compared with an 8-percent increase in the second group of voivodships (large supply, small demand). In the latter case, the price increase was more than three times lower than the inflation rate. This means that the land becomes cheaper and cheaper in the northern and western voivodships.

Voivodships	Price of One Hectare of Arable Land Traded Between Farmers (in Millions of Zlotys)			
	1991		1992 (first half)	
	Average Price	Range	Average Price	Range
Relatively high-priced				
Warsaw	27	33-20	25	45-15
Nowy Sacz	20	24-16	21	29-11
Bielsko	17	23-12	21	29-14
Kalisz	14	24-8	23	32-15
Leszno	12	20-6	20	32-6
Ostroleka	11	14-7	12	21-5
Konin	10	16-3	14	20-8
Poznan	10	13-6	15	19-11
Tarnobrzeg	10	15-6	15	23-10
Relatively low-priced				
Jelenia Gora	2	3-2	3	4-2
Gorzow	3	4-2	4	5-2
Koszalin	3	5-2	3	4-2
Suwalki	3	5-2	4	5-3
Elblag	4	7-2	6	8-4
Slupsk	4	6-3	3	4-2
Zielona Gora	4	6-2	3	4-2
Pila	4	6-3	4	6-2
Szczecin	5	7-4	5	6-4
Olsztyn	6	9-3	6	8-4

This data, provided by GUS [Central Office of Statistics] and IERiGZ [Institute of Agricultural Economics and the Food Industry], corresponds with the data provided by the Agency for Farm Property. By October 1992, the latter had organized 101 auctions which offered 85,700 hectares of land for sale or lease. Of that

amount, less than 6,000 hectares of land was sold (ca. 16 percent), while 32,000 hectares have been leased. There were no buyers for the remaining 47,700 hectares. The PGR land was the cheapest in Suwalki (1,069 hectares, Z2 million per hectare). It was only slightly more expensive in Gorzow and Wroclaw (Z2.5 million

per hectare), as well as in Olsztyn (Z2.7 million) and Elblag (Z2.8 million for two hectares).

Future Much the Same

The shape of the current land market does not give the best mark to the state land policy. The situation in that realm will not change in the nearest future. These conclusions result not only from the analysis of the current land prices, but also from opinions collected recently by IERiGZ in 72 villages all over the country.

The latter source indicates that the PFZ land was available in 54 percent of the surveyed villages. In 21 percent of these villages, the PFZ lots were small (up to 10 hectares); in 24 percent of the villages, the lots were medium size (11-50 hectares); while only in nine percent of the villages were the lots large (more than 51 hectares). Seventy five percent of villages with large PFZ lots were located in western and northern voivodships. Some of

that land lay fallow. Of all surveyed villages, only 37 percent contained farms that planned to increase the size of their land, and 69 percent (jointly) consisted of villages in which the farmers had declared their intention to either limit the size of their farms or quit farming altogether. This is indicative of the declining interest in arable land.

This phenomenon has been further confirmed by the fact that 70 percent of the surveyed villages contained some uncultivated land, while only 19 percent of villages were interested in the lease of land. One can risk saying that the above analysis of the land market illustrates broader problems of the Polish countryside and agriculture, which should be addressed by an energetic agricultural policy. The fact that no one wants to cultivate that land contributes not only to the decline of the agricultural production, but also to difficult social problems, such as poverty and unemployment.

Minister on Need To Restructure Legal System

93BA0416A Bucharest DIMINEATA in Romanian
24 Dec 92 pp 1-2

[Interview with Minister of Justice Petre Ninosu by Ion Pavelescu and Ionel Dumitru; place and date not given: "We Need a New Spirit in Dispensing Justice"]

[Text] [DIMINEATA] It is being said, Mr. Minister, that our legal system will be restructured. What can you tell us about that?

[Ninosu] At a time when all of our society's structures—from property to institutions—are in full reorientation, the legal system cannot remain lodged in the framework inherited from the dictatorship. We all want to build in Romania a state of law consistent with the standards established in democratic countries, and in this respect, the edifice of the law will also be remodeled. In fact, Law No. 92 of 1992, regarding court organization, and Law No. 104 of 1992, modifying the Penal Code Procedure and other laws, and repealing Law No. 59 of 1968 and Decree No. 218 of 1977, formulate specific imperatives in this regard, which compel us to act in an organized and coherent fashion.

[DIMINEATA] What would be the first step in this area, whose effective restructuring is being watched with great interest, and which will unquestionably be received with satisfaction by public opinion?

[Ninosu] The selection of people, obviously. According to Law No. 92 of 1992, 15 courts of appeal and 81 courts will be created by 1 June 1993. All of this causes us to proceed to a rigorous selection of those with judicial vocation and skill; this includes judges and prosecutors. Let no one think that it is an easy task; I will give you one example of the difficulty in this respect. We currently have more than 400 vacant judgeships; in order to fill them, we recently organized a competition and established criteria we considered reasonable, to assure the professional quality of the future magistrates. To begin with, only about 360 jurists applied for the competition. The reason is that their earnings are much higher as lawyers and as counsel attorneys in commercial companies. Of course, in addition to competent staffing, our legal system also needs an appropriate material endowment. In starting our restructuring process, we wanted first of all to get back the buildings that belonged to us, but we encountered and are encountering difficulties that we certainly had not expected. I will give you one example: In Pitesti, the building of the former court has been used for another purpose in recent years; after requesting from local agencies that it be returned to us, we were harshly attacked in the press. "The Court No Longer Fits Its Britches" was the headline in a local daily.

[DIMINEATA] In addition to complementing the staffing and modernizing the logistic system, we understand that the legislation must also be completed!...

[Ninosu] Naturally. New regulations are needed. There is such an acute need to adopt so many laws, that it is

nearly impossible to establish an order of priorities. I nevertheless consider it most urgent to adopt the modifications in the Penal Procedure Code and the Civil Procedure Code.

[DIMINEATA] Everyone agrees that what the judicial system currently needs is not only an institutional system, but a new spirit as well. What is your opinion?

[Ninosu] I subscribe to this statement, and the new spirit you mention will be instituted first of all by reestablishing the dignity that magistrates enjoyed in our country. Just like public servants, whose role and position in society will also have to be defined, the magistrate first of all will be sheltered from the lure of politics. Magistrates, just like public servants, are political in only one place, in the voting booth.

[DIMINEATA] Since you mentioned magistrates and their obligations, could you tell for the benefit of the public, what is the work volume of a judge?

[Ninosu] In this respect, I will give you two figures: 600,000 penal and civil cases were recorded in Romania in 1989; during the first half of this year alone, the courts received 590,000 cases to be solved. As you can see, the work volume has doubled.

[DIMINEATA] How about the prison system? What is the present situation in regard to the serving of sentences?

[Ninosu] Rather complicated. Romania currently has 29 penitentiaries, a penitentiary hospital, and four reeducation schools. The penitentiaries have 31,534 places, and 43,962 people were incarcerated and in reeducation schools in December. Therefore, we are working (as one component of the reform) on a continued democratization of the prison system. This means that staffs would include specialists who have not yet worked in this field: psychologists, sociologists, professors, educators. It would also mean the implementation of the government program to modernize penitentiaries, including the construction of new ones at the level of European standards. At the same time, it is necessary to redraft the new Law on the Execution of Sentences and the applicable Sentence-Execution Regulations, in light of Constitutional provisions and of the Law on Judicial Organization.

[DIMINEATA] What can you tell us about the pace at which reform will be implemented?

[Ninosu] It will be exactly that established by law. After which, in accordance with the Romanian Constitution and the other laws I mentioned, the legislation will be completed, the organizations needed for proper conduct of justice—beginning with the Superior Council of the Magistrature—will be created, new courts will be organized throughout the country, and judges will be selected, whom it will not be possible to remove from office once they have been named by the country's president; we will then consider that the edifice we call the house of justice will be almost complete. It is a goal worth working for!

Somun Discusses Bosnian-Croatian Relations

93AE0220A London AL-HAYAH in Arabic
18 Dec 92 p 8

[Article including excerpted interview with Hajrudin Somun, republican adviser for foreign affairs to the Presidency of Bosnia-Herzegovina, by As'ad Taha; date and place not given: "Foreign Affairs Adviser at Bosnian Presidency to AL-HAYAH: United Position by Bosnia's Muslims and Croats"]

[Text] Zagreb—Hajrudin Somun, republican adviser for foreign affairs to the Presidency of Bosnia-Herzegovina, has emphasized to AL-HAYAH that Muslims and Croats have taken a united position in the Geneva talks, except on some issues that require further consultation. Somun has also said that Zagreb's relations with the Islamic world have improved recently, noting that this reflects positively on Croatian-Bosnian relations.

Somun has also spoken about the military situation in Sarajevo, the capital, noting that the blockade imposed on the city can only be lifted with forces from outside the city. He also revealed that President Alija Izetbegovic, in his capacity as commander of the armed forces, toured the battlefronts recently to establish the highest degree of coordination possible among the field commands.

In the interview with AL-HAYAH, conducted at the end of last week, the Bosnian presidential adviser renewed the demand that the world community lift the weapons ban imposed on his country so that it can resist the Serbian aggression. He also said he aspires for implementation of the accords reached at the Islamic Conference Organization's latest session in Jiddah and for urgent military and financial aid. Following are excerpts from the interview:

[Taha] Are there any new developments regarding the Geneva talks?

[Somun] A united position is now taken in these talks by Bosnian President Izetbegovic and Croatian President Franjo Tudjman. A principled, united position has also been taken by the Muslim and Croatian delegations, except on some issues that require concerted consultations, such as the constitutional units of the Bosnia-Herzegovina.

[Taha] Do you mean the partition bases?

[Somun] The word partition must never be used because Bosnia-Herzegovina are indivisible. What we mean is a constitutional arrangement founded on several administrative units. It is no matter to us if there are four, seven, or 10 units. What is important is that there are not three units and that they are not founded on ethnic bases. We Muslims cannot accept division of the Bosnia. This is also the Croatian position. The Croats acknowledge the sovereignty and independence of Bosnia-Herzegovina and the need to preserve four indivisible aspects: the army, foreign policy, currency, and the police.

The existing disagreement, which we hope will be settled through discussion, is on the issue of bestowing an ethnic identity on any constitutional unit, such as having this unit characterized as Croatian and that as Muslim. Mate Boban, the leader of Bosnia's Croats, is in Zagreb, the capital, currently for consultations with President Tudjman. Talks will also be held with the Muslim side before the general talks are resumed (within the framework of the special international conference on the former Yugoslavia) in the middle of this month.

As for the Serbian side, its position is completely evident. It only sees a military solution that leads to establishing a greater Serbia founded on large parts of the Bosnia-Herzegovina and Croatia and extending to the Adriatic shoreline. Regrettably, the Serbs have succeeded in accomplishing their dreams to date.

Croatian-Islamic Relations

[Taha] Can we consider this coordination and this united position by the Muslim and Croatian delegations a new development in the Croatian-Islamic relations?

[Somun] The fact is that our relations began to improve two months ago, except for some cases, as in the case of the incidents in Central Bosnia a few weeks ago. If the Bosnian Government has to make some concessions because its military position is extremely difficult whereas Mate Boban's forces have weapons, land, and those who protect their rear, then Croatia must also understand that its position is week vis-a-vis the Serbian forces, which can carry on with the war for many years. This is why I say that if brothers and friends do not help us, we will not be able to defend ourselves by relying on our intrinsic resources.

[Taha] It has been reported that special accords were concluded between Izetbegovic and Tudjman. What is your comment on this?

[Somun] I have participated personally in these talks, and I can ascertain that no secret accords or provisions have been concluded. However, there is cooperation, friendship, and joint defense, and, subsequently, cooperation on the ground because we have a common enemy. The legitimate government's weakness must not be exploited, especially because President Tudjman underlines his eagerness for cooperation with Bosnia's legitimate authorities. In this regard, President Tudjman will hold talks with Boban shortly.

[Taha] Are you pleased with the brothers' role?

[Somun] The latest Jiddah conference is like the earlier conferences. We must wait for weeks to find out the possibilities of fulfillment of the proclaimed verbal promises and agreements to provide urgent humanitarian and military aid. As for financial aid, it was proposed that a fund be created to support the Bosnia-Herzegovina. However, it was later agreed that financial aid be kept within the context of bilateral relations.

Military Situation

[Taha] What is happening militarily now, especially in Sarajevo?

[Somun] Since the start of the war, the Serbian forces have been on the offensive and we on the defensive. Developments in the past few days in Sarajevo are an indication of the general conditions.

As for breaking the blockade on Sarajevo, it can only be done with forces from outside Sarajevo in cooperation with the strugglers in the city, and not by the forces within. There are thousands in the capital who possess nothing with which to fight. Very small factories have been set up to produce light weapons, but they are not enough to break the blockade. All that the Bosnian forces can do from within Sarajevo is to defend the city and prevent its capture.

[Taha] Are there severe disagreements among the Islamic leaders?

[Somun] There is disorganization because of the Sarajevo blockade and the lack of direct daily communication. The military command in the capital is unable to

control the situation in the Bosnia-Herzegovina completely. This causes military and political disagreements, and it is why local leaders have emerged in some locations.

I believe that it is time for the military command to depart from Sarajevo temporarily and to go to the (Eijmann) Heights. Izetbegovic is touring the battlefronts, especially the Herzegovinan areas, in his capacity as commander of the armed forces. He sees his current mission as more military than political, and he is trying to establish the greatest degree of coordination among the field commands.

[Taha] How do you see the coming phase?

[Somun] Our current task is to survive to the end of winter, and this is the most that we can accomplish.

[Taha] And how about military intervention?

[Somun] All we want from the international community is to permit us to import weapons with which to defend ourselves. Otherwise, let the world community strike the Serbian forces' heavy artillery positions.

League for Democracy Holds Congress in Skopje

93BA0323A Skopje NOVA MAKEDONIJA
in Macedonian 22 Nov 92 p 3

[Report by J. Mironski: "For a Truly Law-Governed State"]

[Text] *The main objective is for Macedonia to be a decent place to live and for a law-governed state to guarantee the status of the citizens. Unfortunately, to this day, three years after the establishment of a pluralist democracy, Macedonia is not a law-governed state.*

Yesterday the League for Democracy [LD] held its first congress in the hall of the Kultura movie theater in Skopje, in the presence of members and numerous guests. In his introductory address, chairman Gjorgi Marjanovic reviewed the three years of work of that political party.

In stipulating the basic objectives of the LD, Marjanovic said: "The main objective was, and remains, for Macedonia to be a decent place to live in, in which the citizen will enjoy the benefits of the freedom he has gained, and all of his inalienable natural rights as man and citizen and a complete feeling of legal security ensured by the rule of law and the exclusion of any individual or group arbitrariness aimed at assuming uncontrolled exercise of power." He stressed that "unfortunately, to this day, three years after the establishment of a pluralist democracy, Macedonia has still not become a law-governed state or a decent place for living."

His party, he said, has always called for the individual to be restored to a central position in society, as the maker of his own destiny, "for which we must develop an order that will make it possible for the individual to apply all of his physical and mental abilities to promote his personal well-being and that of his family and, therefore, of the entire society."

Speaking of the situation in the Republic, Marjanovic said that "the people who remained in power in Macedonia for 40 years did everything possible and in any way they could for things to remain the same. They largely succeeded: Virtually all key positions of power are held either by the old morally and politically thoroughly tested members of yesterday's 'vanguard of the proletariat' or the next generation of heirs to the bolshevik military nobility. It is only rarely that we come across a new person and, instead of making use of his talents, the ordinary individual spends his time mainly waiting in line for bread, milk, and butter and, in the past few months, mostly and for the longest period of time, for gasoline!"

Mr. Marjanovic also discussed the work of the information media, which he criticized substantially, stressing that "in establishing a party with a very competent political nucleus but lacking a very broad base of activists, our bureaucratic press stubbornly insists on belittling such orientation as being 'elitist.'" Leaving aside

the traditional dislike of the intellectual elite, which can be seen in the negative attitude of the Macedonian mass media toward the LD, we must accept as a badge of honor such a disqualification: Who if not the "elite" (meaning people of high professional and moral caliber) will pull Macedonia out of the shifting sands to which the "antielite" brought it.

"The second method of disqualification on the part of our allegedly independent mass media is the 'anticommunism' label. Once again let us ignore the stupidity of this label, for in a multiparty system any party that competes with the communist party is 'anticommunist.' Add to this the method of struggle that involves ignoring or minimizing the role of the LD. If it is not reported in the mass media, then it does not exist in real life. It is not proper to mention the LD and such mention is systematically avoided or, if it must be mentioned, it is accompanied by 'humorous' statements or nicknames such as 'lonely hearts club' and so on." Marjanovic then gave further examples of the way the work of the party improperly handled by the mass information media.

Deputy Chairman Bogomil Gjuzel spoke of the party's accomplishments in Macedonia after two years of political pluralism. Linking the current political to the economic situation, he said that "postponing the promised changes in terms of a conversion to an open market economy cannot alone justify the current position held by Macedonia in the former Yugoslav and the ever more relevant Balkan space, or else its international (non)recognition. We must begin by developing our own identity as a subject of law and democracy."

Turning to the interethnic relations within the Republic and linking them to the work of the government, he asked whether tomorrow, should the coalition collapse as a result of its unnatural alliance, the Macedonian state will end up by being divided into "cantons" or become state-centered with a view to preserving the apparent peace? The crypto-communists are already openly going back to their old principle: Any eventual change should come only from them.

The proceedings of the congress were peaceful and well-organized, without major arguments and quarrels, debates, or euphoric statements. One could also hear specific suggestions, such as the demand that the city of Tito Veles resume its old name—Veles—the point being made that this does not require a referendum, for the name Tito Veles itself was not the result of a referendum but of an Assembly resolution.

[Box, p 3]

Guests

Those who presented their greetings to the first Congress of the League for Democracy included Tikhomir Jovanovski, the president of the Social Democratic Party, Assemblyman Petar Gosev, on behalf of the SDSM [Social Democratic Alliance of Macedonia], a

representative of the Association of Private Entrepreneurs, and a representative of the Union of Citizens Harmed by Denationalization and Confiscation in the Republic.

[Box, p 3]

New Leadership

By secret balloting, the current president Gjorgi Marjanovic was reelected party chairman with 100 votes in favor, compared to 68 votes cast in favor of his opponent Bogomil Gjuzel (there were 169 people voting, with one invalid ballot). Aleksandar Torteovski was elected party deputy chairman; the following were elected members of the Executive Council: Blagoja Damovski, Petar Selgov, Gjorgi Dimitrov, Jordan Naumov, Gordana Hadzimitrova, and Penco Tripkov.

The congress adopted a work program and party statute with very few changes in the rules adopted at the founding of the LD. Among others, the program earmarks the objective of having a proportional electoral system, equal treatment for all parties by the information media, a respective demographic policy, and a model family of three children, a social policy of coexistence, deideologizing of the names of streets and schools, and others.

Function of Gray, Black Markets in Macedonia

93BA0326A Skopje PULS in Macedonian
26 Nov 92 pp 11-13, 33

[Report by Vasil Mickovski: "White Collars and Black Fingers"]

[Text] *In its Macedonian variant, the gray economy resembles a one-act play in which a few policemen are endlessly chasing an entire army of black marketeers, never letting the public determine who will eventually win. Perhaps the play is deliberately kept unfinished for, indeed, there will be no winner?*

In his small pamphlet entitled "Marxism," the French philosopher Henri Lefebvre was perhaps able to describe most successfully the truth of the dialectical method and the dialectical nature of the world of man. Adopting a scholastic as well as popular style, Lefebvre wrote that truth is neither black nor white but gray or, more accurately, grayish. Forty years after the publication of this book, which demands a most profound Marxist training, few people are encouraged to discuss the nature of truth and lies.

Actually, why would they do so, when it is believed to be a fact that the Marxist world is dead, having been (among others) a big lie. The first thing many people would mention would be the grayness of life that emerged from the implementation of the ideology of the enslaved class. Meanwhile, countries that consider that they have left socialism behind but that, in fact, are still surviving on its ruins, have yet another very serious

reason for feeling comfortable with the gray color. Naturally, we are referring to the gray economy, a phenomenon that is quite paradigmatic and has even become the prospective coloring of the former socialist countries. This particularly applies to Macedonia, where the gray economy is also the formal reason (or is it the consequence?) of the Bit Pazar riot and bloodshed, but also a manifestation of the vulnerability of the new state.

The chasing of a cigarette dealer by two policemen is a small piece in the multicolored mosaic of the gray economy, and one should not wonder why the last link in the chain that has spread throughout the state keeps breaking. Thanks above all to the manipulative power of the authorities and the media, it has become commonplace to identify the gray economy on the basis of its more obvious segments—the black market—and even to be identified with what we are seeing and hearing about Bit Pazar, the Kvantaski market, the small green market, and all other more or less familiar places where supply and demand meet. The impression is that the most accurate way to describe the gray economy, Macedonian style, as a one-act play in which a few policemen are chasing and annoying an entire army of black marketeers endlessly, never allowing the public to guess who will win at the end. Or else, perhaps the play remains deliberately unfinished for, indeed, there is no winner?

Matters could be considered also from a neutral viewpoint and everything would become "clear," as has actually been the case in the past. Meanwhile, the question is, when will we think about at least two issues: First, is the gray economy the only business that is successful in this country, and, second, which is even more difficult in terms of sensible thinking, is the new-old phenomenon that is developing the most powerful and fastest expanding area in Macedonia, which will either rapidly combine or will accept both the "white" and "black" economy? At a first glance, such questions may seem absurd, for they are absolute opposites and, in general, they do not correspond to the real nature of the gray economy. The gray economy has always been a kind of golden middle between controlled economic behavior, on the one hand, and organized crime, on the other, which all countries have either fought or at least tried to fight. One does not dare take into consideration the fact that the gray economy is "developing" under the vigilant eye of the state, that the state controls its growth, and that it has always had ways of controlling this unruly child, to prevent it from straying and ending up as a criminal. Regardless of whether the gray economy will be manifested as an expression of the unruliness of the people who have felt an age-old need to harm the state, for there is no force that would make the people not believe that the state only takes and gives nothing in return, or else that it will grow like a wonderful and rare plant from Murmansk to Vladivostok (a prison for industrious kolkhoz members) or free prices on the green market, it is a rule in all countries that the state turns a blind eye to this kind of "undesirable consequences." In some areas less and in others more, in all countries there

is a kind of social safety valve in tolerating a certain level of avoidance of taxes, moonlighting, or petty black marketeering. Actually, the geniuses that developed the first personal computer (the Apple computer) began their business in a garage. In other words, paying taxes to the treasury came about much later!

In Italy, which is the fifth strongest industrial power in the world, it is claimed with a great deal of certainty that the gray economy accounts for as much as 20 percent of total industrial output, and it is quite strongly supported, for this encourages entrepreneurs and their still-immature companies to sell on the legal market. This also solves the problem of high unemployment. The percentage of "gray economists" in former Yugoslavia was never specifically determined, but should not be underestimated, taking into consideration the amount of overtime, failure to declare the housing of foreign tourists, avoidance of taxes, and so on. Naturally, for more than 20 years and without any more serious problems, the black market in foreign currencies has been in operation. Somewhat different was the situation with "imports" of items for personal need by the citizens, for until one year ago it was considered a successful black-market operation to cross the border carrying a few pair of boots and small clothing items, and a few kilograms of coffee, all of this costing "no more than" 100 German marks in customs fees.

The change occurred after Ante Markovic launched the notorious liberalization and, particularly, ever since the system of internal convertibility began to boast of foreign currency reserves in the tens of billions of dollars. This was a time when many newly hatched private businessmen undertook to prove themselves in foreign trade, dealing a lethal blow at the old trade mastodons. The private merchants were able not only to increase their offers but also to discover ways of being more competitive, based on the following rule: Customs fees may be paid but not the income tax! In the majority of cases the tax was not and is still not paid. Naturally, this should not be interpreted in the sense that the original sin was committed the moment the private merchants were allowed to expand in the import and export areas or, God forbid, that private initiative was the exclusive culprit for the impudent upsurge of the gray economy.

"The situation now is the following: On the one hand we want to be strict and take exemplary strict measures against the private merchants; on the other, we are incredibly lax in dealing with people who resort to so-called 'white collar' crime and tolerant toward this criminal element," believes Dr. Gjorgi Marjanovic, in discussing the new economic criminals at a recent working meeting within the MVR [Ministry of Internal Affairs], which was dedicated to that subject.

According to Marjanovic, the problem is that "we are neither fish nor fowl; we are nothing new; we have not abandoned the old nor do we have the sincere desire to create something new." Such seemingly general descriptions, invariably illustrated by Marjanovic with specific

examples borrowed from Macedonian practices, are more productive and closer to the truth compared to any other isolated statement that may be essentially accurate but that ignores the overall situation. The situation becomes both clearer and more confused whenever the people insist on emphasizing their own statements without trying to put all the facts together. No one can question the statements that "we have no market inspection," and "such inspection is dysfunctional" (Ljupco Krstevski, member of the Skopje District Economic Court), that "the entire burden has been shifted to the police, which has little authority" (Slavko Ruzinovski, chief of the Skopje Main Internal Affairs Administration), that "the black market cannot be eliminated with such minimal penalties" (Pavel Manev, supreme court justice), or that "the problem is to detect and enforce rather than pass more crime laws" (Marko Bundaleski, Republic public prosecutor)....

Unquestionably, this is accurate, but it does not provide an answer to the key question: Why is it that the Macedonian state has not only failed to control but has even allowed the gray economy to assume increasingly obvious dangerous criminal features? Chronologically considered, the state has been losing one battle after another, from silently acquiescing to the importation of something to tolerating in the black market the sale of goods that essentially feeds the budget (cigarettes, alcohol, petroleum, coffee, and so forth).

Unquestionably, both the black market and cheating on taxes could have been eliminated, for they were the work exclusively of the newly hatched businessmen, regardless of the volume they handled. The real and unsolved problem appeared when the so-called controlled economy, or publicly owned companies and private corporations, rejected state control and began to operate according to their own rules, based on the yardstick set by the leading structures, to which criminals are no strangers. This despite the fact that public companies and corporations may have displayed a lesser lack of tax discipline compared to the small private enterprises; however, they were more efficient when it came to plundering public property by investing a small amount of money or by paying a small compensation, by concealing cash, laundering illegally earned funds, and other abuses (see box), thus undermining as a whole Macedonia's economic and legal order. Naturally, the big companies and individuals who engaged in large-scale concealment of their property benefited from the fact that, on the one hand, they operated as public enterprises while, on the other, as a private company.

"After consulting with the prosecutors and the courts, the public security service went after the signing of purchase and sale contracts between public and private companies. For example, a private company may be owned by a director of an enterprise but operating under the name of his son, his daughter, or his business partner," says Pavle Trajanov, deputy secretary of the MVR SJB [Public Security Service]. It is an entirely logical assumption that there is no law that prohibits

trade between father and son. Meanwhile, a number of examples could be cited to the effect that in such deals the private company is the recipient of the entire profit. Although one may sense that in this case something is not proper, there is no possibility to prevent it, for no crime has been committed, there is no control, and there is no law that prohibits such deals.

It is very difficult to determine what type of crime has been committed, what type of crime is more damaging at this moment, and whether those two categories constitute either two separate worlds or two sides of a single case. The impression is that so far there have been substantial combinations and constant transfers of practical experience and knowledge. It appears that both the controlled and the gray economy have been displaced from their ordinary areas of activities to such an extent that they are jointly advancing toward the black economy or the economy that is ordinarily known as organized crime. Such a rather daring qualification remains an empty statement until specific proof can be found and until a big figure in the illegal business is brought to trial.

Presently journalists are flooded by information about how many thousand marks can be earned by selling a tank of gasoline, legally or on the black market, the enormous amounts of foreign currency cash used to purchase scarce goods from Bulgaria, the way a single deal may double earnings, or the way both customs and tax officials are cheated. However, a few high officials have unofficially admitted that recently, with the help of a former minister, budget funds were channeled into a private company to procure scarce goods and, later, based on the differential in prices, the private dealer showed a net profit of 2.5 million marks! Or else, for a number of months the rumor has been that people in the government have "dirtied themselves" by funneling commodity stocks into their "own" companies. Abuses and improprieties in ownership conversion may be established with an audit. Naturally, this is assuming that the Law on Privatization has been passed.

Nonetheless, despite the evidence of criminality, no trial of a "bigger caliber" has been initiated in Macedonia, nor have the prosecutors exposed any more substantial deals. Most likely, no such thing will occur in the immediate future as well, for too many "white collar" officials are involved in this entire business. Or is it that perhaps such an action cannot be undertaken?

"Corruption is present in a number of areas, in many institutions and agencies," categorically states Trajanov. Neither the customs services nor state authorities and institutions are immune from it, as is confirmed by a number of facts. Several cases have been confirmed indicating that some public officials in some ministries are participating in such deals and are enriching themselves.

Of late you can hear in Macedonia the view that, considering the poverty of the state (with virtually no hard currency reserves or foreign aid), the growth of the

gray economy is a necessary evil and is even socially useful, for without it the people would go hungry and would be shivering from the cold. On the other hand, there are those who quote a 2,500-year-old Chinese saying according to which "the more there are prohibitions, the more there are violations. The more laws are passed the more there are people who commit felonies, thefts, and robberies."

Unquestionably, it is only a rich and efficient state, or at least a country in a state of economic upsurge, that could deal with the gray economy and with the new types of crime. Yet it would be a matter of real defeatism if we adopt the viewpoint that such manifestations can be controlled only during some "more peaceful and prosperous times." Were this the case, the strongest economic branch in Macedonia would be not the gray economy but organized crime.

[Box, p 12]

New Varieties of Crime

In the absence of specific terms, being still unknown to the prosecutors and the courts, following is a list of several more typical forms of economic crime, which we do not claim or assume to be comprehensive.

Privatization. The privatization of about 350 public companies, which account for some 40 percent of Macedonia's overall capital, or one-half of the total Republic revenue, has been undertaken on the basis of Union domestic corporate laws. By the end of last year, those companies had redeemed about 40 percent of their own stock. Everything was in order to the extent to which privatization was followed by capitalization and the purchasing of public property. However, according to the latest information, the "stockholders" have paid up only about three percent (!) of the privatized capital.

Black funds. Both private and public companies keep the funds earned in foreign currency abroad, opening so-called black accounts. It is estimated that no less than some \$100 million has been deposited in foreign banks. The public companies also extract funds from the SOK [Public Accounting Service], which they deposit in their separate accounts.

Cash in foreign currencies. Private companies claim that they are buying agricultural and other goods for cash. Such purchases are fictitious. The funds are converted into hard currency and split between the director of the public company and the private dealer.

Fictitious acquisitions. The company claims an acquisition by signing a contract that is detrimental to the public company. Usually the company pays for goods that could be purchased for a much lower price and the deal takes place through private companies. The moment a purchase order is placed a manager is put in charge of the deal but no inventory list is made. No

balance sheet is drawn up and all track is lost of the property and, subsequently, no one knows what was sold and what was not.

Money laundering. The private merchant transfers the money to a private savings account through the SOK. The savings institution does not demand of him to produce any kind of documentation for withdrawal of the money but charges a four-percent fee.

Tax-free goods. Goods to be exported to the former Yugoslav republics (cigarettes and alcohol mainly) are purchased and false documentation is produced to the effect that the goods have left Macedonia. Although the shipper and the customs service issue documents to the effect that the goods were exported, they remain in Macedonia and are sold tax free.

The payment of taxes is avoided also in the case of goods allegedly included in transit shipments across Macedonia.

Goods are imported and declared to be for "personal use," and subsequently are not recorded in the books. This helps to avoid the assessment of taxes owed.

Customs violations. Although senior customs officials claim that a high percentage of customs fees are paid (according to them customs fees are paid for between 90 and 95 percent of all imported goods), numerous violations are substantially hurting the state budget. The most frequent customs violations involve failure to declare the real value of the commodity. This is assisted by the foreign companies or even the state authorities of neighboring countries (above all Bulgaria); or else the amounts of the goods is fictitiously reduced. Of late there have been abuses involving goods left under customs supervision.

Border smuggling. Prior to the declaration of Macedonian independence, there were seven passenger and two border crossing points. Since then another five passenger and two railroad points were opened, and soon there will be three more with Albania and one with Bulgaria. Meanwhile, along the northern border, which is subject to the most lax control, and remains quite open, no one can say for sure what volume of goods is smuggled across the Macedonia-Serbian border.

Macedonian Control Over Illegal Trade

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26 Nov 92 p 33

[Report by Violeta Cvetkovska: "The Purpose of the State Is To Steal From the State"]

[Text] SOK [Public Accounting Service] control indicates that students have surpassed their teachers in the areas of misbehavior and crime.

The control activities of the Public Accounting Service, which is the only agency monitoring financial operations (in the absence of a real financial police, strong tax inspection, and trained auditors) indicates that both

public and private enterprises are equally guilty of stealing. In the past it was the private companies that led in avoidance of meeting obligations to the state. According to the latest findings, the students (public collectives, monopolies, and industrial giants) have surpassed their teachers.

The attitude of enterprises toward the state, public funds, and plants and other subjects is as yet to be determined by summing up the results of audits made at the end of the year. What the latest audit of the Macedonian SOK indicates is that, one way or another, the state has been deprived of over 10 billion denars, or in excess of \$7.5 million (based on the black-market rate of exchange) by both public and private companies.

Avoiding the payment of taxes and fees on individual income and other sources with a view to keeping more money for personal use has become a vital preoccupation of all collectives. The harder the state tries to squeeze the economy by taking new steps in order to ensure regular revenue, the broader the repertory of manipulations aimed at avoiding the payment of taxes becomes. Both the criminals and the financial virtuosos find profitable the nonfunctioning of the foreign currency market, the "flea-market exchange," and the blind eye turned by the merchant banks and, above all, by the SOK and the evidence it provides, as well as the issuance of import permits without any secured foreign exchange backing by commercial banks.

Cash payments in domestic and foreign trade transactions covering longer periods of time have become a traditional way of work and a guarantee for preserving the business morality among partners, as well as a tried way of concealing income and overall business policies of enterprises. No one is studying the daily situation on the market and income and expenditures, least of all the state, which should retain something for itself from such activities. The only people who know are directors and owners of private companies. It is they who determine the extent to which they would like to contribute to the state and to state institutions.

Although the audits made by the SOK have led to the exposure of some subtler financial delinquencies committed by the enterprises, the most unscrupulous thefts and machinations are being jealously concealed. They are not mentioned by the auditors themselves, who fear that any public mention would only teach others this kind of business morality. For example, wildly familiar is the deliberate misdirection of payments, improper certification of financial statements, and inaccurately computed taxes and fees. Such actions are committed equally by private and public companies. For example, erroneous assessments of property and inventory values of used materials and lack of proof of account entries of private companies are estimated currently at 4.3 billion denars. The "masters" either claim fictitious material and nonmaterial investments (nominal capital) or else declare fictitious reserves. Also concealed are newly

purchased business premises, residences, passenger and other vehicles, office equipment and inventory purchased with enterprise money (passed for material expenditures), and all of this with a view to showing a lower profit, as a result of which less income tax is paid. Books are being wrongly kept from the very beginning. The private and, now, the public companies have quite rapidly adopted the syndrome of the "Slovene case," according to which an enterprise deliberately declares bankruptcy and liquidates, thus losing even the initial investment in order to wipe off debts and continue to work and commit delinquencies under a new name and as a new company.

The annual audits have shown that 1,000 collectives in the Republic have provided wrong figures in the determination of their income, expenditures, and certification of business results, thus depriving the state of almost 2 billion denars. Income is concealed by claiming cash payments for which no proof is presented, while investments in capital assets, granting loans and credits, writing off debts, and even paying personal income and dividends are considered material expenditures, thus avoiding taxes owed to the state.

Audits of cash receipts have revealed a number of improprieties committed under the very eyes of the

authorities. Huge amounts of money are being paid cash in business transactions, thus not only losing track of the money, which is never recorded in transfer accounts, but which also is used for entirely different purposes, such as on the black market for the purchasing of foreign currency. This has cost the state some 1.8 billion denars, which have found their way in the pockets of the dealers instead of going into the state budget.

The extent to which under the newly developed circumstances the Macedonian managers have become flexible and adaptable is best confirmed by the acute problem of petroleum. Audits in that area on imports and distribution of petroleum derivatives have exposed the concealment of a business tax in excess of almost 450 million denars, 144 million denars for reimbursement of travel expenses, and almost 120 million denars of compensation for commodity reserves. Not only taxes, customs fees, and foreign exchange due the state vanish, but so does the fuel itself. Adding up what was imported and sold, track has been lost of more than 7,000 metric tons of derivatives! It is thus that this attractive business is on the brink of turning into a black-market activity, and the overall regular operations of a tremendous segment of the economy must convert to the black, which is only one shade below the prevalent gray economy.